June 23, 2022

Toronto Investment Board

Presented by:

Ben Homsy, CFA
Vice President, Portfolio Manager

Tamsin Wilding, CFA
Fixed Income Analyst

Our Organization

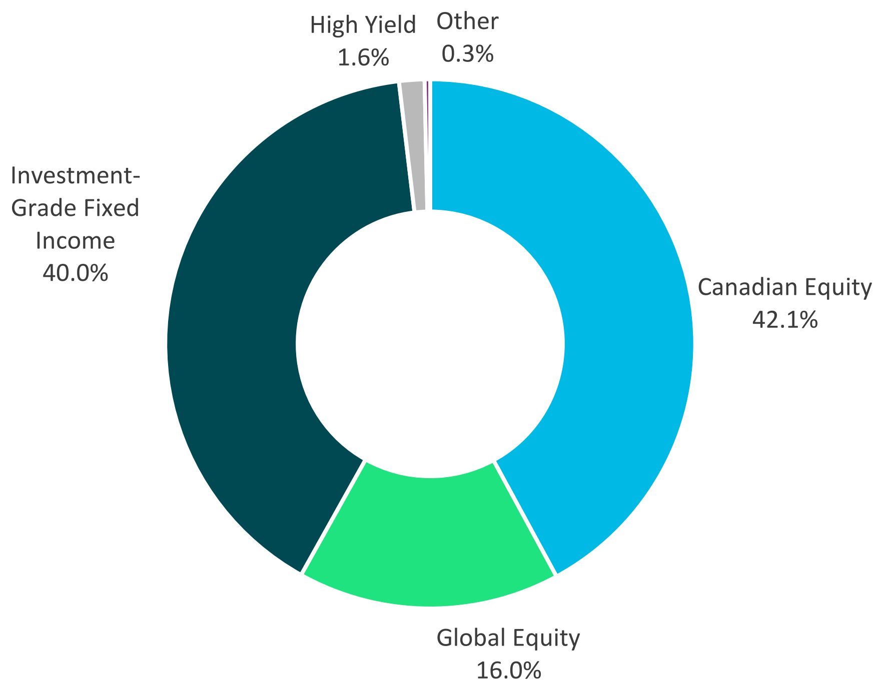
- Founded in 1982
- Fully Independent
- 100% employee-owned
- 105 employees / 81 employee-shareholders
- Value-based investment style
- Over $23 billion assets under management
- Nationwide firm with offices in Vancouver, Calgary and Toronto

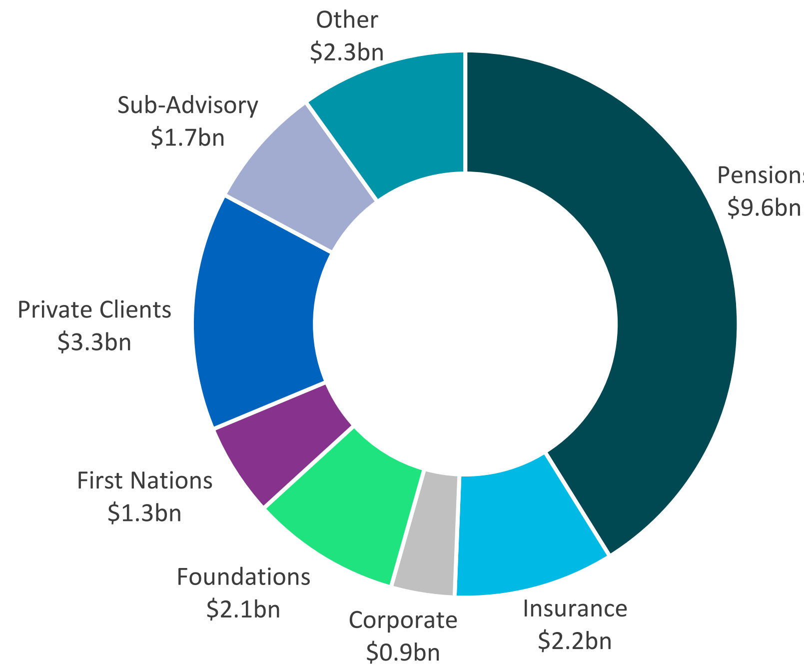
Leith Wheeler INVESTMENT COUNSEL LTD.

Quiet Money.®

Assets Under Management

As of March 31, 2022





Canadian Equity and Fixed Income assets under management continue to represent approximately equal shares of our Institutional assets under management

Source: Leith Wheeler Investment Counsel Ltd

Fixed Income Investment Team

Jim Gilliland, CFA
President & CEO, Head of Fixed Income
Prior Experience: Barclays Global Investors (BGI), HSBC Asset Management
Years in Industry: 28
Years at Firm: 12

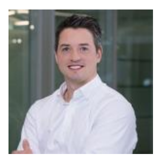
Eric Lam, CFA
Financials
Prior Experience: TD, RBC
Years in Industry: 29
Years at Firm: 12

Dhruv Mallick, CFA
Crossover & Non-IG Credit
Prior Experience: CQS, Barclays Global Investors (BGI), PIMCO
Years in Industry: 21
Years at Firm: 6

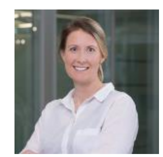
Alexei Konopkine, CFA
Consumers
Prior Experience: Leith Wheeler
Years in Industry: 16
Years at Firm: 16

Ryan Goulding, CFA
Government Strategies
Prior Experience: PH&N, Merrill Lynch
Years in Industry: 14
Years at Firm: 5

Ben Homsy, CFA
Institutional Portfolio Mgt
Prior Experience: Goldman Sachs, JP Morgan
Years in Industry: 23
Years at Firm: 7



Sean Greenhalgh, CFA
Pipelines, Distribution
Prior Experience: RBC, Scotia Bank
Years in Industry: 13
Years at Firm: 6



Tamsin Wilding, CFA
Government Strategies
Prior Experience: Bank New Zealand, National Australia Bank
Years in Industry: 11
Years at Firm: 5

Catherine Heath, CFA
Prior Experience: Leith Wheeler Investment Counsel
Years in Industry: 21
Years at Firm: 21

Michelle Zuliani, CFA
Infrastructure, Real Estate, CMBS
Prior Experience: HSBC, RBC
Years in Industry: 9
Years at Firm: 2

Colin Boese, CFA
Crossover & Non-IG Credit
Prior Experience: CC&L, Marret
Years in Industry: 7
Years at Firm: 5

Investment Philosophy & Process

Philosophy

Capital Preservation
- Focus on return OF capital
- Be different from the market
- Quality compounding returns

Diversification
- Multiple sources of value-add
- No single risk-factor dominates
- More than just issuer exposure

Focus On Risk
- Understand and quantify risk
- Benchmark AND absolute risk
- Deliver high-quality returns

Fixed Income Investment Process

Top-Down Macroeconomic Analysis

Interest Rate Outlook & Credit Cycle

Portfolio Construction & Active Risk Management

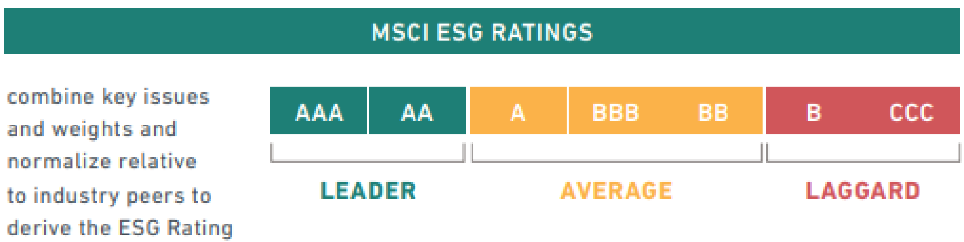
- Interest Rate Risk Management
- Sector Allocation
- Security Selection

Issuer-Specific Credit Risk

Bottom-Up Independent, Fundamental Credit Analysis

Responsible Investing at Leith Wheeler

- ESG factors – particularly governance – have always been at the core of our investment culture
- Formalized process for assessing corporate bond issuers for ESG factors, augmented using third-party assessment



PRI Principles for Responsible Investment

SHARE SHAREHOLDER ASSOCIATION *for* RESEARCH & EDUCATION

Canadian Coalition for GOOD GOVERNANCE

- History supporting key organizations that promote responsible investing, advocate for sound policy and provide education to stakeholders

CANADIAN PENSION & BENEFITS INSTITUTE · INSTITUT CANADIEN DE LA RETRAITE ET DES AVANTAGES SOCIAUX

International Foundation OF EMPLOYEE BENEFIT PLANS *Education | Research | Leadership*

ACPM | ACARR The Association of Canadian Pension Management L'Association canadienne des administrateurs de régimes de retraite

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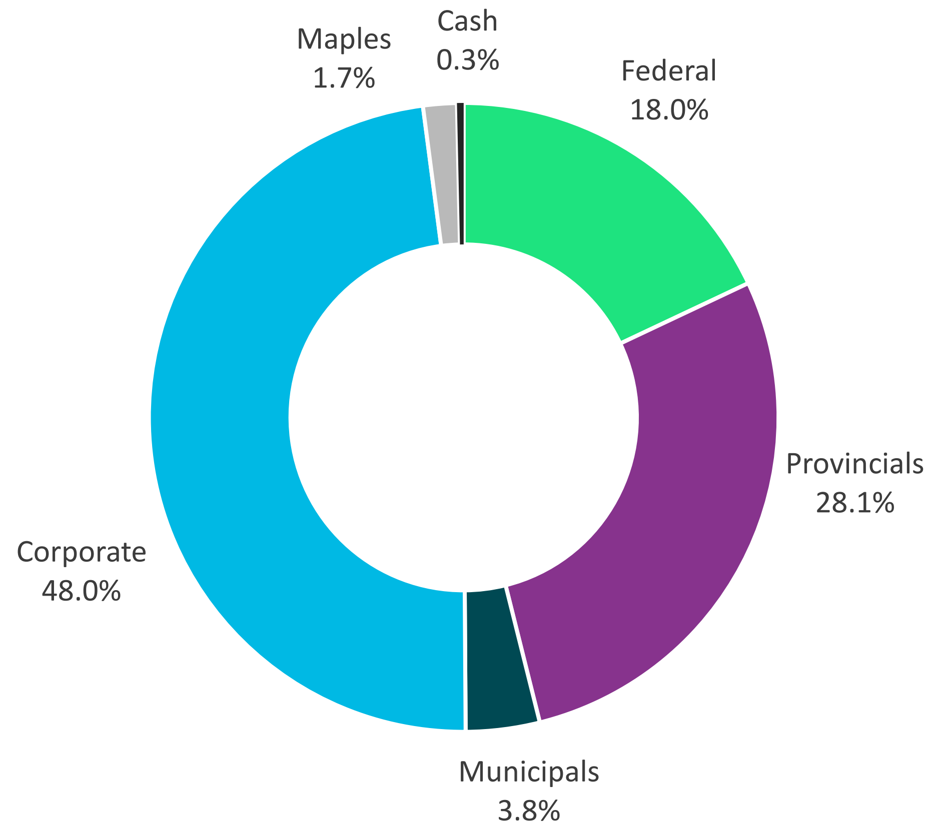
Portfolio Overview

Portfolio Characteristics As May 31, 2022	Active Portfolio	Benchmark	Difference
Yield	3.84%	3.54%	+0.30%
Duration (Years)	7.40	7.44	-0.04



Portfolio Overview

Assets Under Management (C$ millions) As at May 31, 2022	**Active**	**Inactive**
Opening Balance (March 31, 2021)	1,128.6	164.4
Net Deposits & Withdrawals	+109.1	-109.3
Investment Returns	-86.0	-7.0
Closing Balance	**1,151.7**	**48.2**

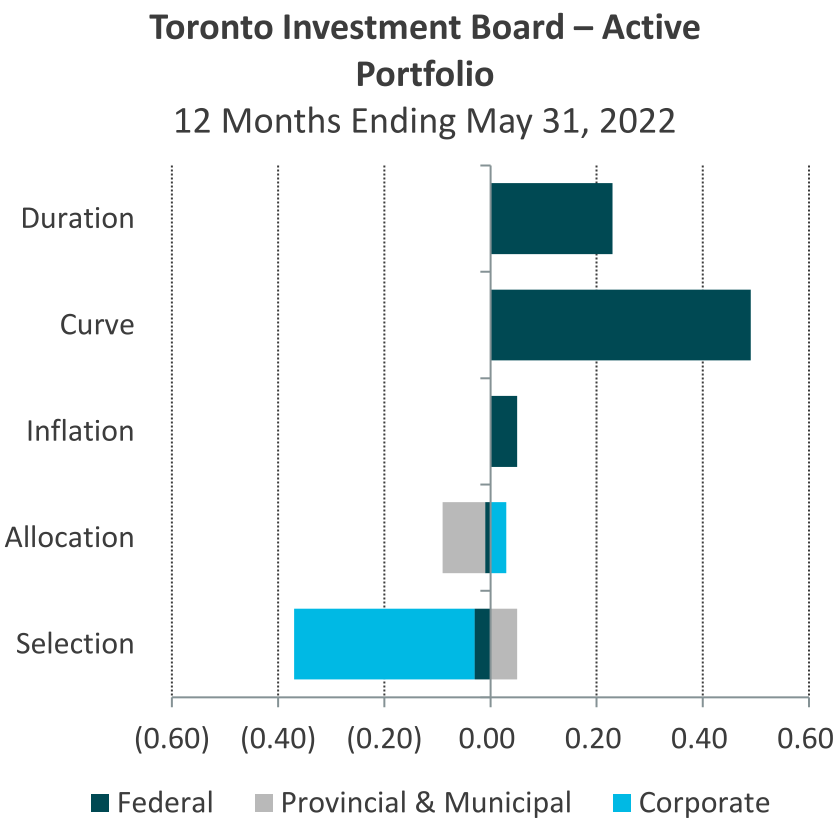
Performance

Annualized Performance As at May 31, 2021	Year to Date	1 Year	Since Inception (1)
Active Portfolio	-10.04%	-8.17%	-1.26%
Benchmark	-10.28%	-8.55%	-1.62%
Value Added	**+0.24%**	**+0.38%**	**+0.36%**

Inactive Portfolio	-7.45%	-6.10%	-0.17%

(1) Inception dates for the portfolios were June 29, 2019. There was a portfolio transition period from April 29, 2019 to June 29, 2019 which is not included in the above performance.

Attribution



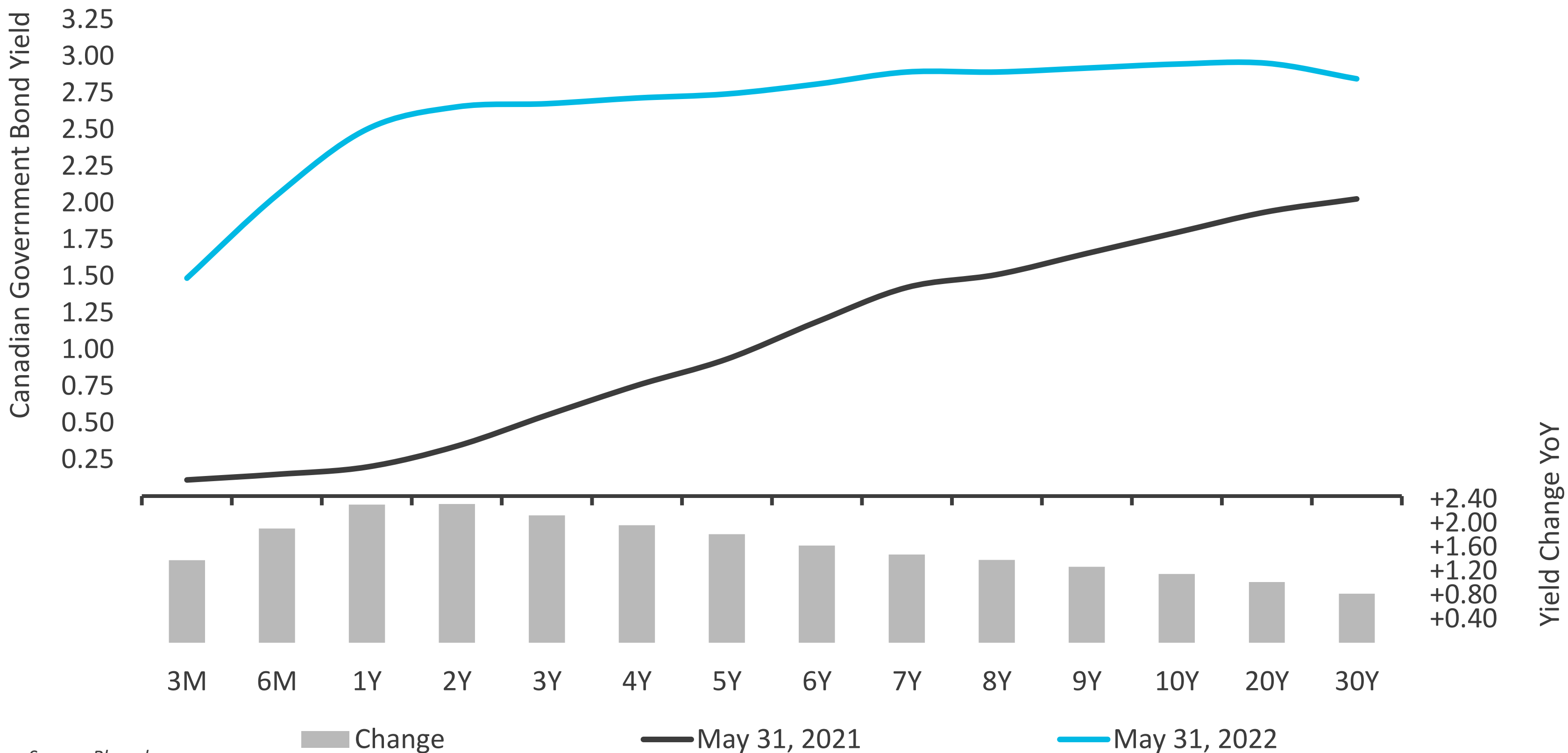
What Worked?

- ✓ Underweight duration, especially in shorter term bonds (3-5 year part of the curve)
- ✓ Modest curve flattener
- ✓ Provincial security selection (Alberta and Manitoba outperformed)
- ✓ Overweight corporate credit (additional yield)

What Didn't Work?

- X Bias towards higher-quality, short-dated corporate bonds
- X Overweight provincial credit

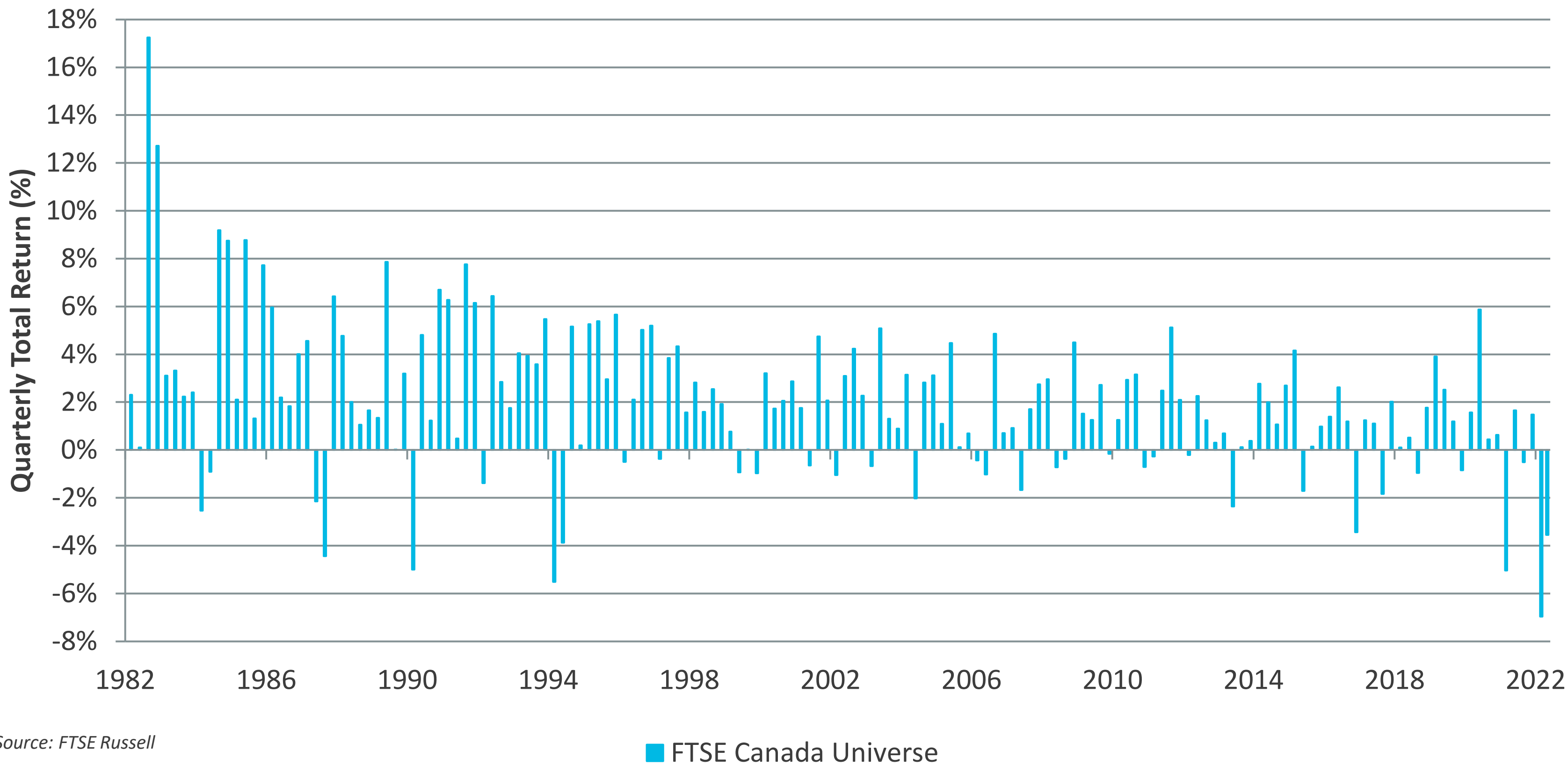
Interest Rates
Prior 12 Months



Source: Bloomberg

Rising inflation and aggressive expectations for central banks to tighten monetary policy has pushed yields significantly higher, particularly in short-term bond maturities.

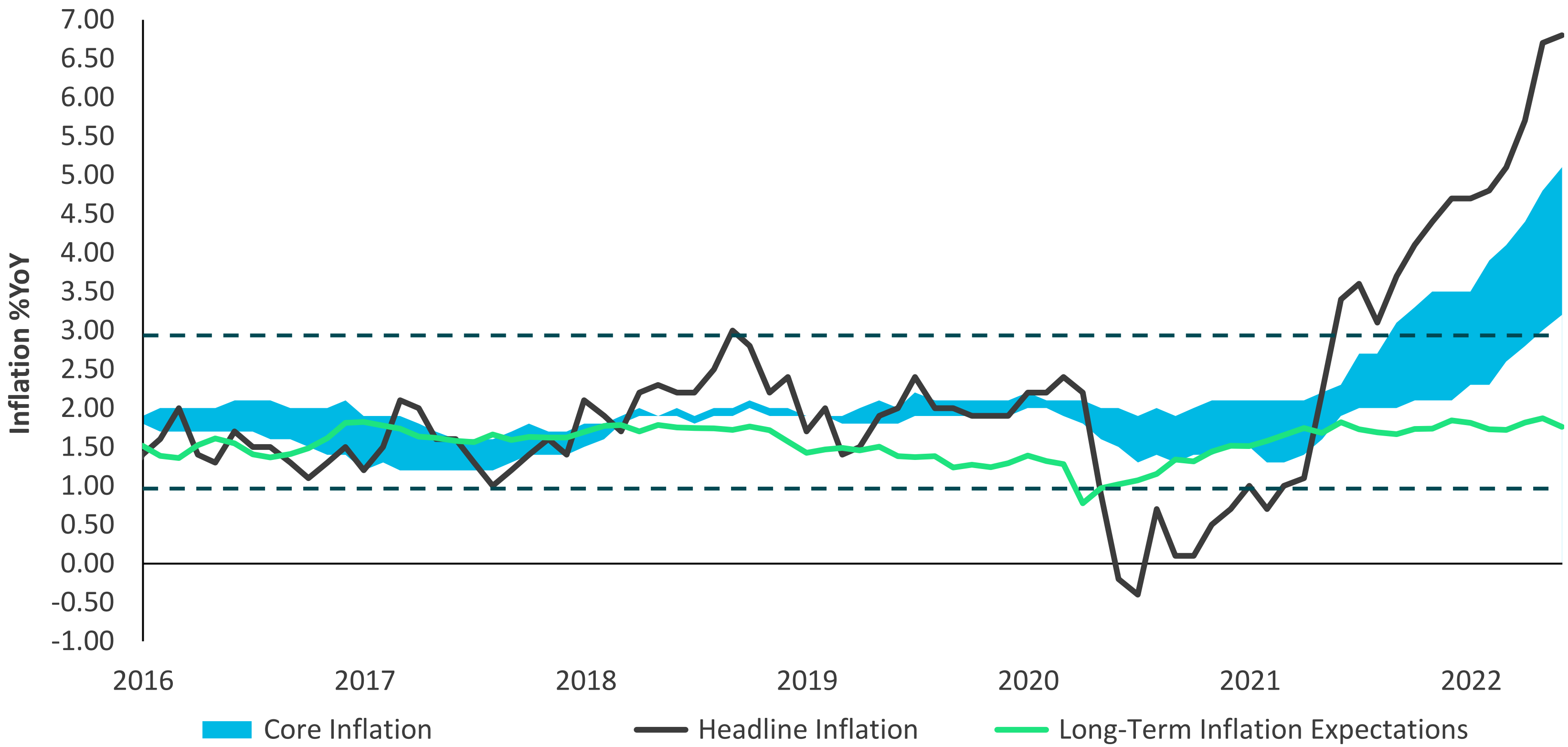
Universe Bond Returns



Source: FTSE Russell

Q1-2022 was the worst quarter for the Canadian bond market in the last forty years.
Returns in the current quarter-to-date (April & May 2022) have also been sharply negative.

Inflation

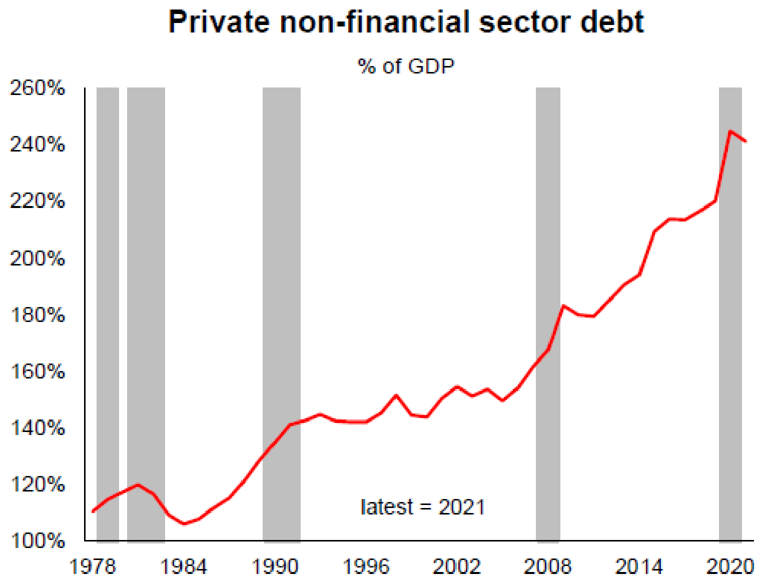


Source: Statistics Canada, Bloomberg

Headline and core inflation measures continue to reach new heights and inflation pressures remain high with pent-up demand and lingering supply chain bottlenecks.

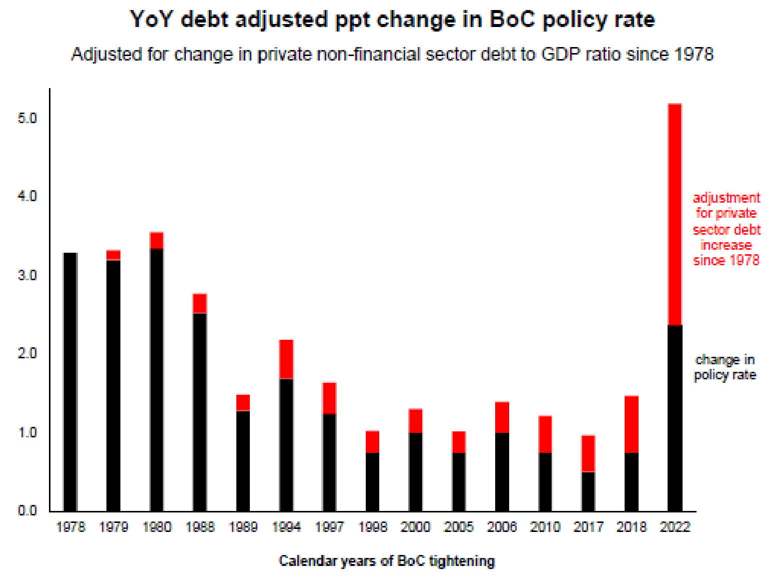
Rate Hikes Will Be Painful For Canada

Fig 7 Private non-financial sector debt levels have risen significantly over the past several decades…



Source: BIS, Bank of Canada, Macquarie Macro Strategy

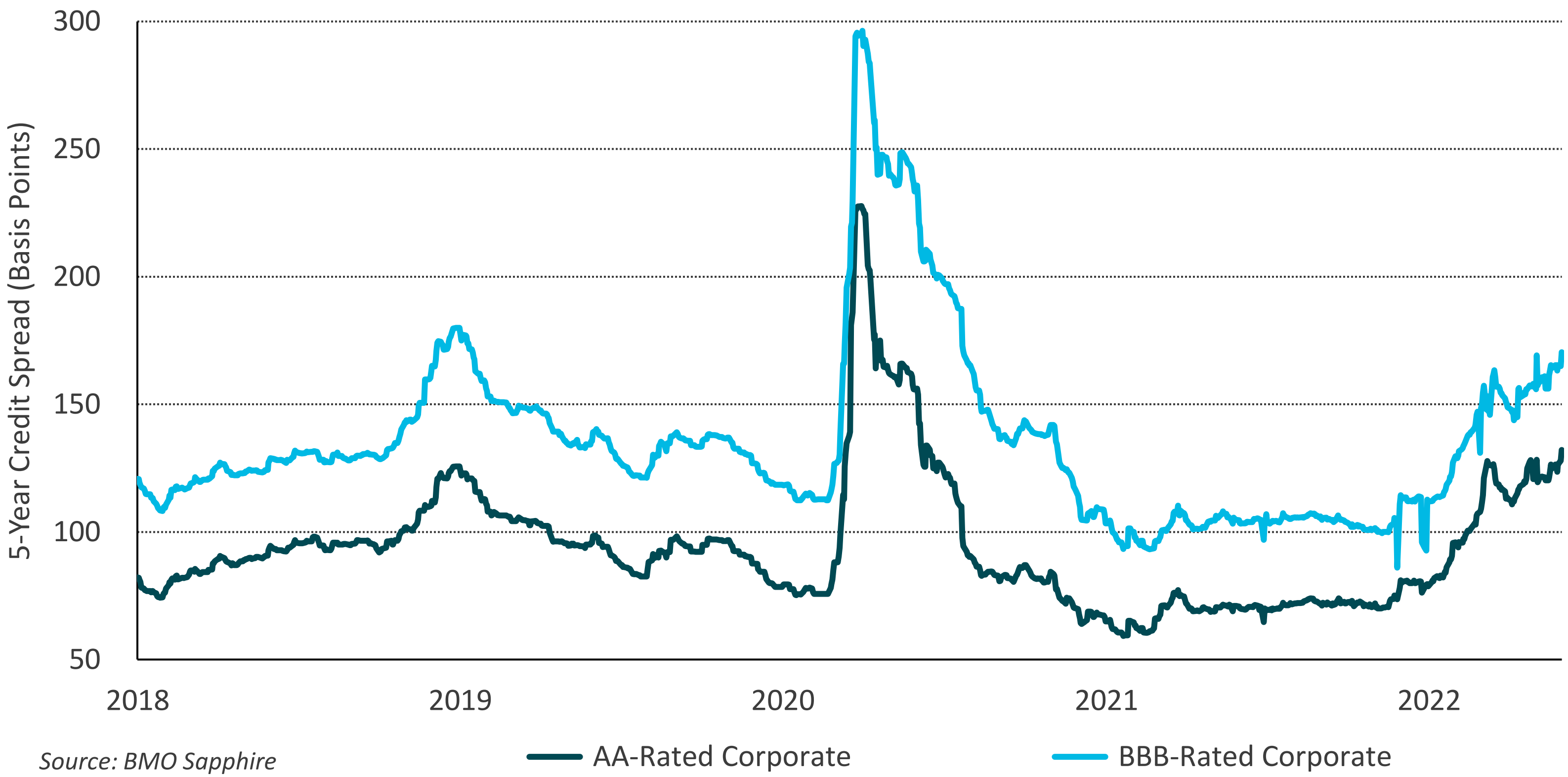
Fig 8 … adjusting for this, suggests market pricing for 2022 represents the most severe year for rate hikes on record



Source: BIS, Bank of Canada, Macquarie Macro Strategy

2022 could prove the most severe year for rate hikes since 1980 once adjusting for private sector debt levels.

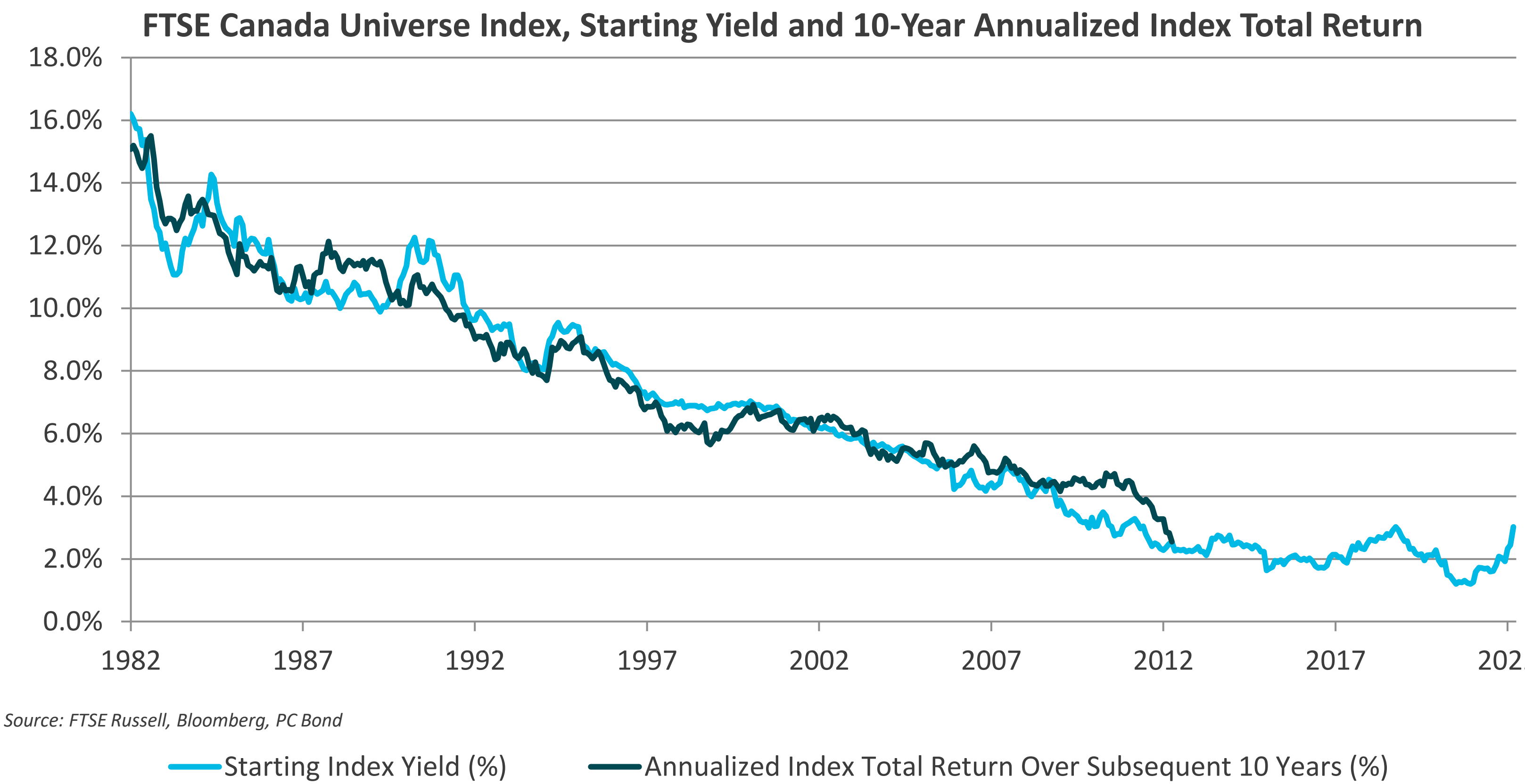
Credit Spreads By Quality



Source: BMO Sapphire

Credit spreads have widened to levels beyond their long-term average as expectations rise for a recession in the next 12 months.

Expected Forward Returns From Bonds



For bond investors, the starting yield of a portfolio is the most important determinant for long-term expected portfolio returns.

Market Outlook

- Inflation pressures remain high due to supply chain bottlenecks, pent-up demand and high employment as the economy re-opens.
- Inflation should start to abate as the impact of policy tightening takes hold, however the timing of this impact is difficult to predict.
- Central banks are under pressure to stamp out inflation, even if the sharp rise in short-term interest rates triggers a recession.
- Longer-term path of inflation is less certain; however, inflation expectations have remained well anchored to central bank inflation targets despite the recent sharp rise in current inflation measures.
- Credit market valuations are currently cheaper than their long-term average, but at reasonable valuations given the macroeconomic backdrop and potential for a recession and credit event.

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