

Investment Manager and Other Updates

Date: November 30, 2022

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.

The process to hire an Environmental, Social, and Governance (ESG) data service provider is progressing. Legal agreements and other documentation for the service are nearing completion.

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

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 23, 2022, the Toronto Investment Board received a report for information from the Director, Capital Markets with regards to various updates to the investment managers and other on-going negotiations.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.IB17.3>

At its meeting on June 23, 2022, the Toronto Investment Board authorized the Director, Capital Markets to initiate a Request for Proposal on behalf of the Toronto Investment Board for an investment consultant to assist the Board and directed the Director, Capital Markets to report the results of the Request for Proposal along with a recommendation for contract award to the successful investment consulting firm to the Investment Board.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.IB16.7>

At its meeting on June 23, 2022, the Toronto Investment Board authorized the Chair or the Vice Chair of the Investment Board, to execute amended agreements for the Fiera Capital Common Contractual Fund on behalf of the Investment Board.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.IB16.3>

At its meeting on December 13, 2021, the Toronto Investment Board awarded contracts for investment management services. The Board also authorized the Chief Financial Officer and Treasurer, in consultation with the City Solicitor, to negotiate agreements with the firms selected as investment managers, on terms satisfactory to City Solicitor and the Chief Financial Officer and Treasurer, and authorized the Chair or the Vice Chair of the Investment Board to execute such agreements on behalf of the Investment Board.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.IB14.4>

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 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

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

The procurement of an ESG data service provider approved by the Board is in the legal agreement and documentation finalization stage. It is expected that the procurement be completed by the end of 2022 and ESG reporting would be available by the Board's first meeting in 2023.

RFP for Investment Consultant

The request for proposal (RFP) for the Board's Investment Consultant closed on November 24, 2022. The RFP received two responses which are currently being evaluated. A report with the recommended proponent will be presented. If the RFP cannot be completed by the end of 2022, a bridging contract with the current Investment Consultant will be required to continue the service until a new long term contract can be finalized.

Current Asset Mix and Rebalancing

There were no additional contributions or withdrawals to the fund in the third quarter as of September 30, 2022.

The Current Funding Status of Long-Term Fund ("LTF") and Sinking Fund ("SF") as at November 18, 2022 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