



March 9, 2023

The City of Toronto – Sinking Funds LDI Portfolio

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Vice President, Fixed Income Solutions

Firm Overview

ABOUT US

Publicly traded, independent Canadian investment management firm

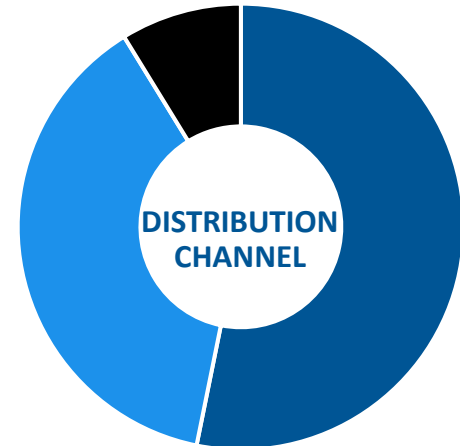
850+ employees including more than 200+ investment professionals

Depth and expertise in traditional and alternative strategies

Headquartered in Montreal with offices across Canada, the United States, Europe and Asia

ASSETS UNDER MANAGEMENT

\$158.5B*



Institutional Markets	\$84.3B	53%
Financial Intermediaries	\$60.3B	38%
Private Wealth	\$13.9B	9%
Total	\$158.5B	100%

Total may not reconcile due to rounding.

Fixed Income Solutions Team

Investment Team



CAROLINE GRANDOIT, CFA, FSA, CERA
Global Head of Total Portfolio Solutions
16 years in the industry



MAXIME CARRIER, CFA, FCIA, FSA, CAIA, MBA
Senior Portfolio Manager
17 years in the industry



MARTIN DIONNE, CFA, FCIA, FSA
Vice President
18 years in the industry



LAURENT-OLIVIER VILLIARD, CFA, MSc.
Assistant Portfolio Manager
9 years in the industry



KATHARINE WELLS, CFA
Senior Analyst
6 years in the industry



SIMON-PIERRE GADOURY, MQF
Senior Analyst
3 years in the industry



IOANNIS VOLAKAKIS
Analyst
<1 years in the industry



VINCENT LABELLE, CFA, ACIA, ASA
Quantitative Developer
4 years in the industry



INTEGRATED FIXED INCOME TEAM

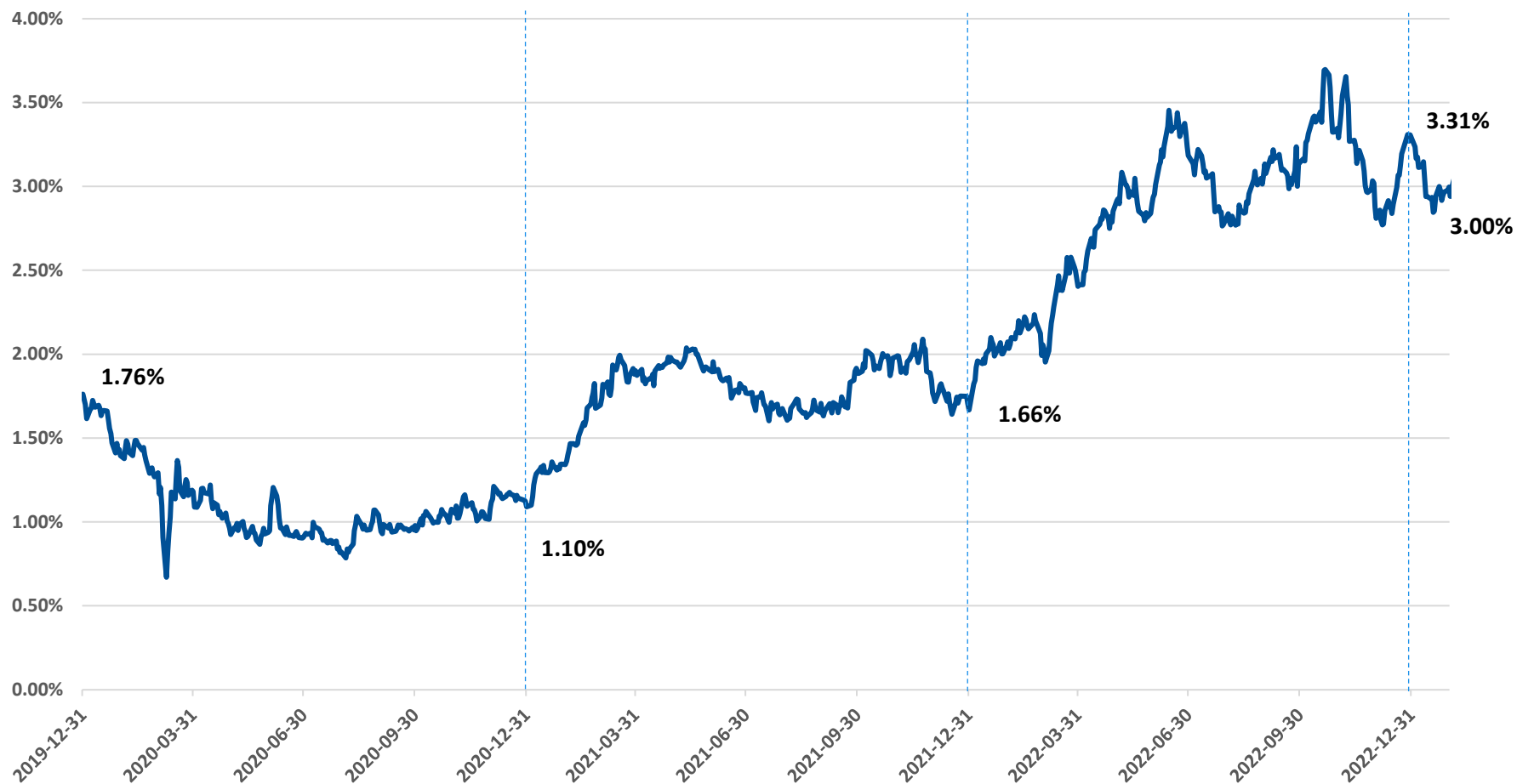


Market Update

Canada Long Term Rates (10-Year and +)

December 2019 to January 2023

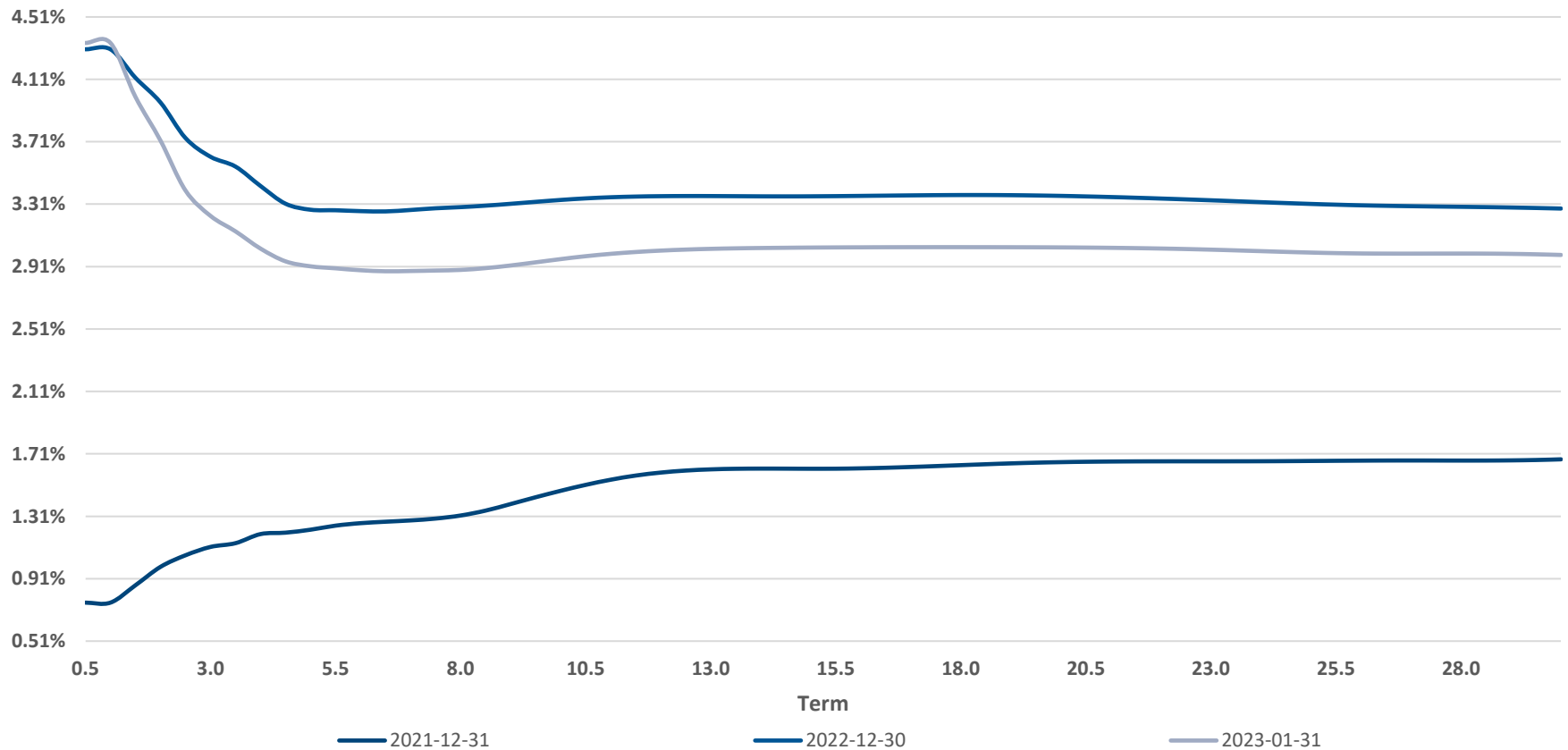
Government of Canada Long Term Bond Yields (10+ Years)



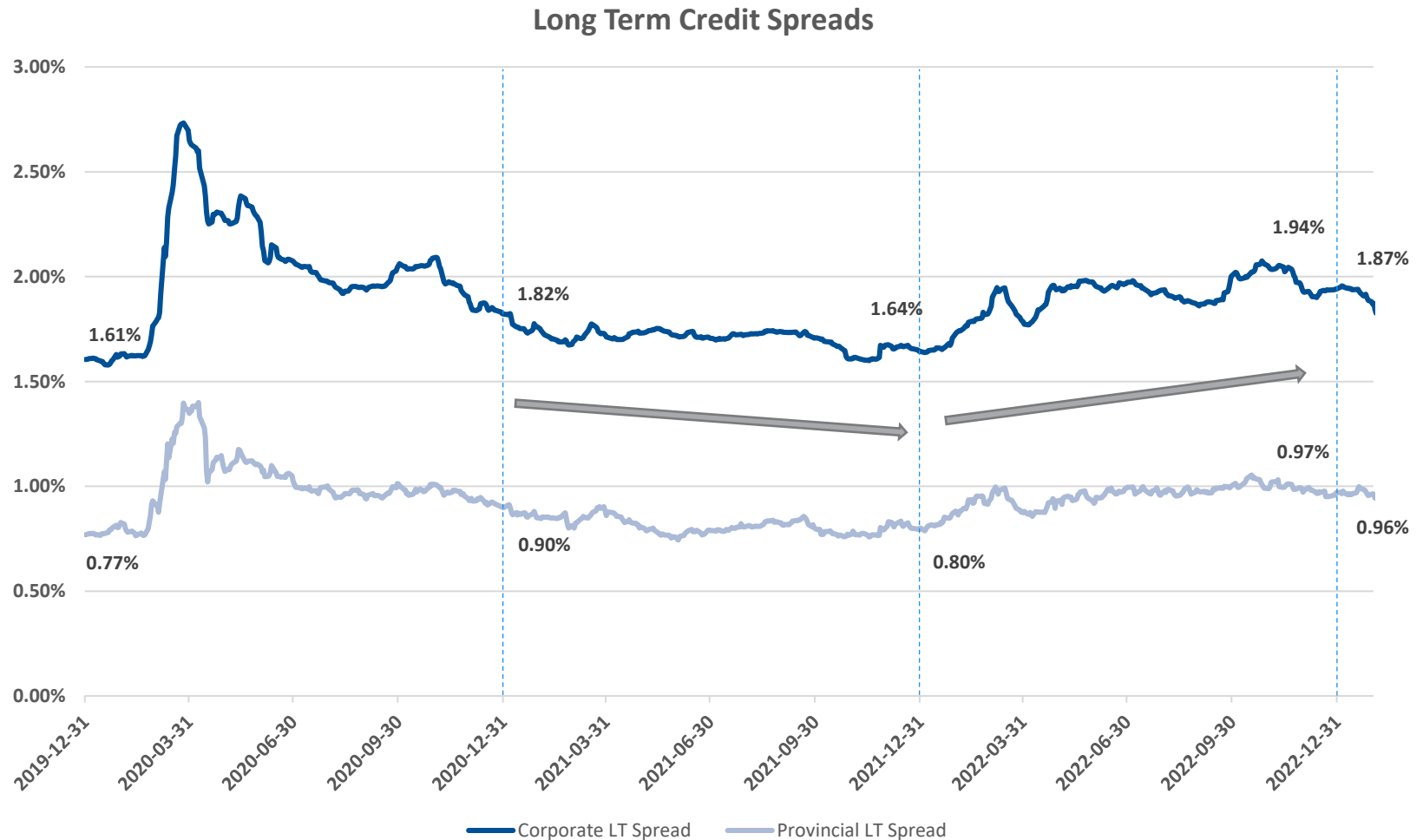
Source(s): FTSE Canada and Fiera Capital as at January 31, 2023.

Government of Canada Yield Curve

Government of Canada Nominal Yield Curve



Provincial and Corporate Credit Spreads



Source(s): FTSE Canada and Fiera Capital as at January 31, 2023.



Strategy and Performance Overview

The City of Toronto – LDI Mandate Objectives

▶ Main objectives:

- Ensure orderly repayment of debt issued by the City of Toronto (4 sinking funds (SF))
- Manage and monitor the aggregate interest rate exposure:
 - The overall duration of the portfolios must match the duration of all future debt repayments

▶ Portfolio management sub-objectives:

- Maintain sufficient liquidity in the sub-accounts
- Align portfolio with key rate durations of future repayments
- Invest in new corporate debt issues on opportunity
- Build a well-diversified portfolio
- Avoid realized losses
- Minimize transaction costs

The City of Toronto – Integration of ESG Factors

- ▶ **Our credit review and approval procedures incorporate an assessment of environmental, social and governance (ESG) practices of the issuers in which the team invests**
 - If an area of concern is identified, the team assesses the potential impact this may have on the financial performance of the issuer
 - When the team believes there could be a material impact on the business or financial profile of the issuer, it is factored into the assessment of the issuer's securities and the team can modify its judgment on the required returns to compensate for these additional risk factors

- ▶ **Various sources of information used:**
 - Company disclosures and news items
 - Discussions with management
 - Third-party information (MSCI ESG Manager, Bloomberg, etc.)

- ▶ **Our Credit Committee review process incorporates a discussion of ESG-related concerns for each issuer**
 - All credit approvals incorporate these discussions and identified concerns are noted in the formal credit review documentation prepared by the analysts and approved by the portfolio managers

The City of Toronto – Portfolio Performance

► As of January 31, 2023

	Total Portfolio	Benchmark	Value Added
2023 YTD	4.55%	4.26%	+0.29%
2022 Calendar	-18.12%	-18.28%	+0.16%
Since Inception (July 1 st 2019)	-2.49%	-2.65%	+0.16%

Note: the Benchmark returns correspond to the future debt repayments discounted using a spot rate curve composed of 43% Federal, 43% Provincial and 14% Corporate Bonds.

Detailed Performance Attribution – Since Inception

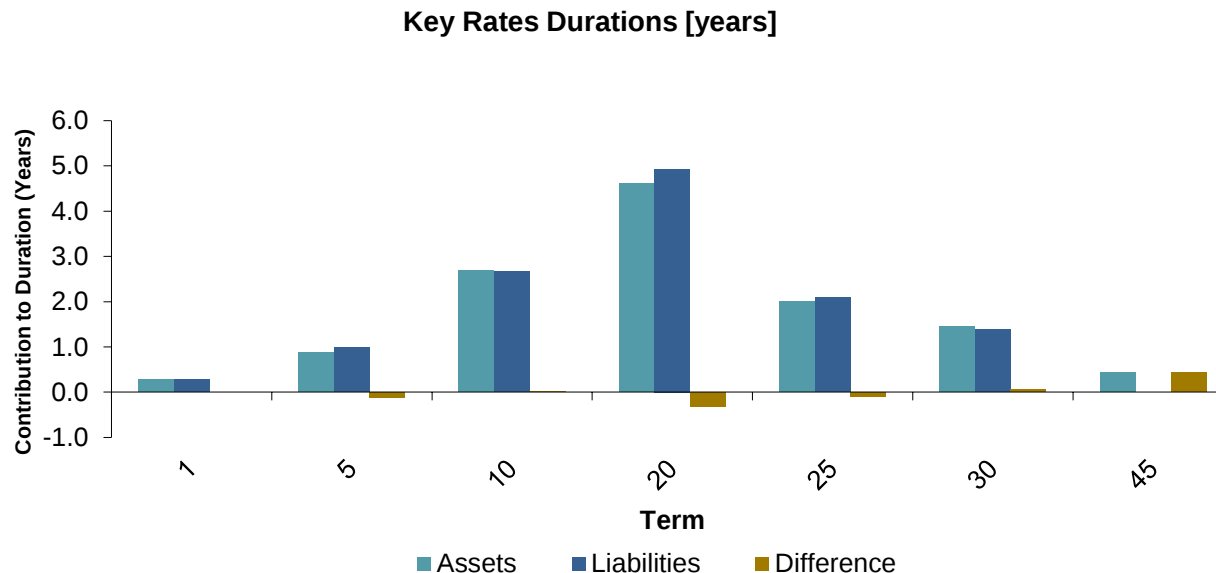
	Total Portfolio	Benchmark	Difference
Carry	+2.53%	+2.47%	+0.06%
Curve Exposure	-4.62%	-4.64%	+0.02%
Provincial Credit Spread	-0.20%	-0.25%	+0.05%
Corporate Credit Spread	-0.06%	-0.12%	+0.05%
Residual	-0.09%	-0.07%	-0.02%
Total	-2.49%	-2.65%	+0.16%

The City of Toronto – Portfolio Yield & Duration Metrics

◆ As of January 31, 2023

	Market Value	Yield to Maturity	Duration (Years)
Assets	\$727.0M	3.74%	12.36
Liabilities		3.67%	12.35

Guidelines:
between 90%
and 110% of
liability duration
(currently 100.0%)

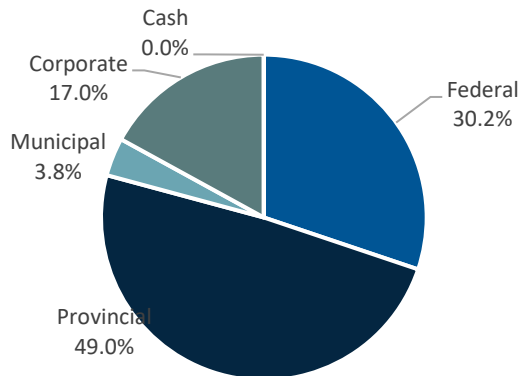


The City of Toronto – Portfolio Characteristics

► As of January 31, 2023

Portfolio Characteristics

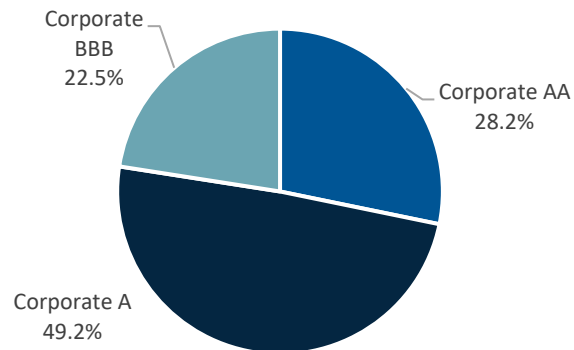
Sector Allocation



Benchmark

- 43% Federal
- 43% Provincial
- 14% Corporate

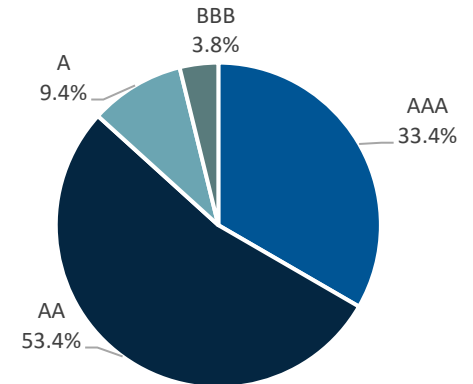
Corporate Credit Allocation



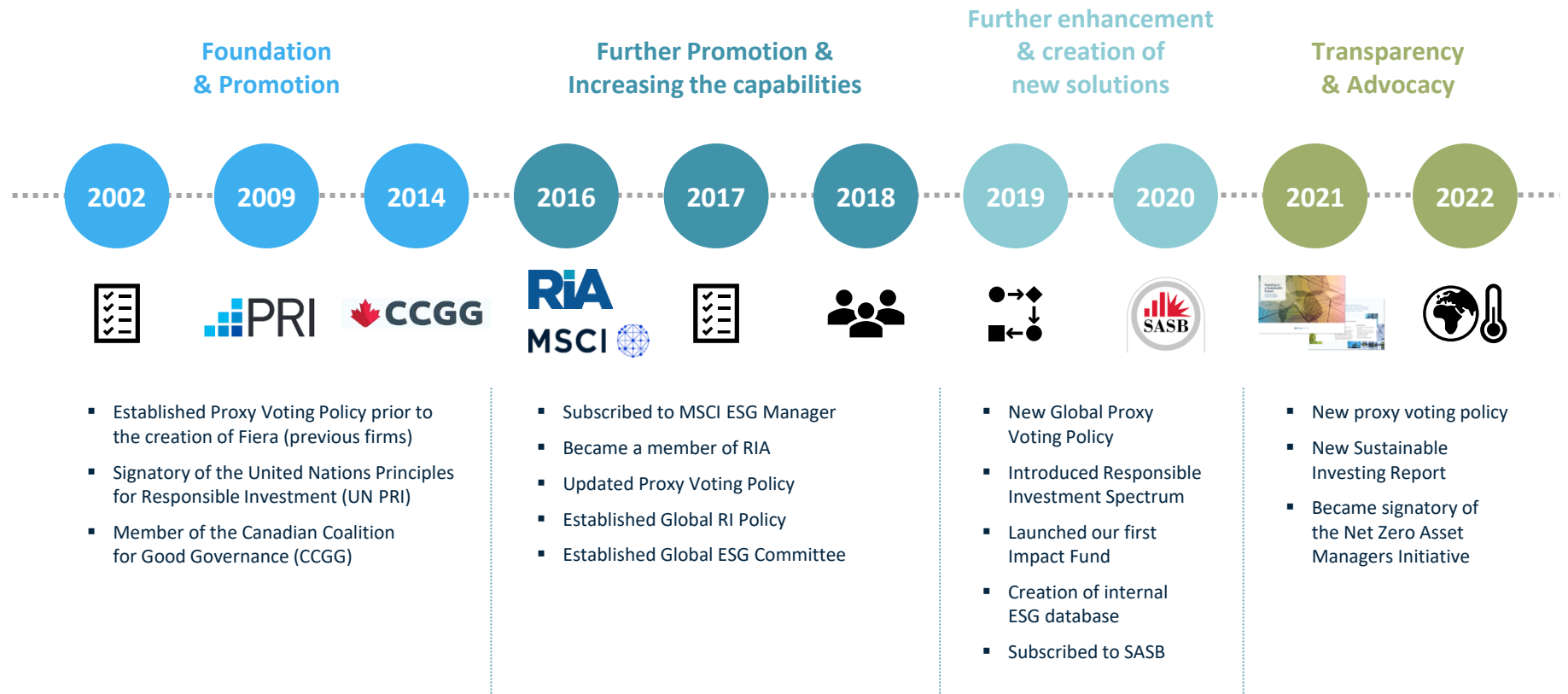
Benchmark

- 35% AA
- 45% A
- 20% BBB

Overall Credit Allocation



Our Responsible Investment Journey





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