12 DECEMBER 2024

D004701

City of Toronto

Investment Board Meeting 2024

David Barron
Head of Index Solutions US

Agenda

Legal & General Investment Management (LGIM)

Global capability and resources

LGIM
Est 1970

CAD1,939 billion[1]
Total assets under management

13th largest asset manager globally[2]

Institutional and personal investment management services

Solutions across the investment spectrum

Largest **pension fund manager** in the UK[3]

Approx. **2,500** staff globally

493 Investment professionals

Outcome-driven investing

One LGIM – team-based approach

- Specialisation and collaboration
- Diversity of thought
- Robust and repeatable investment process

17 years Portfolio managers average industry experience

Key market coverage

Focused future growth strategy

Focused on our clients' long-term outcomes

[1] Source: LGIM internal data as at 30 June 2024. The AUM disclosed aggregates the assets managed by LGIM in the UK, LGIMA in the US and LGIM Asia in Hong Kong (2018-2019 only). The AUM includes the value of securities and derivatives.
[2] Source: IPE 2023 Top 500 Global Asset Managers Report.
[3] Source: IPE Research 2022, by AUM.

The value of an investment and any income taken from it is not guaranteed and can go down as well as up, and the investor may get back less than the original amount invested.

LGIM

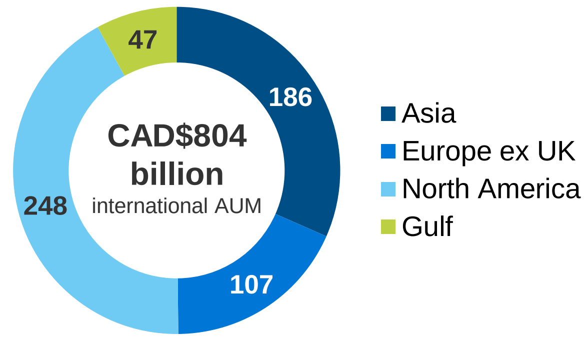
Around the globe, we are where our clients need us to be

We're the 13th largest asset manager in the world, with a global footprint

80%
growth in international AUM since 2018

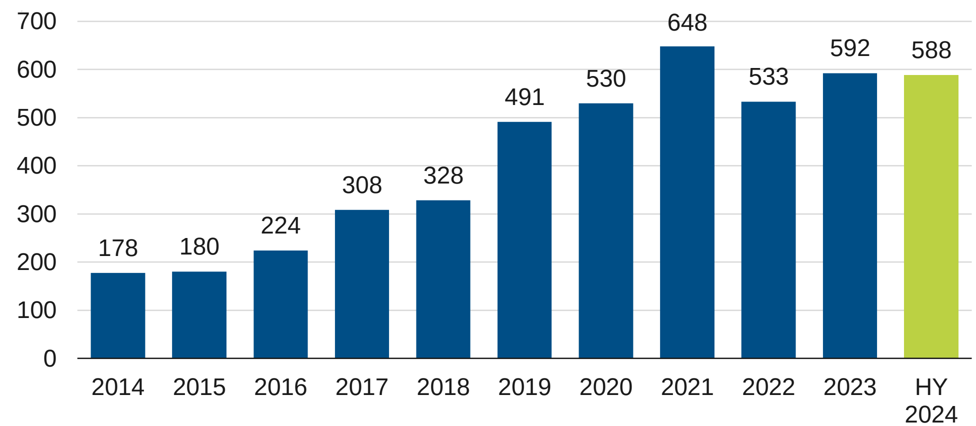
41%
of LGIM's total AUM represents international clients

31%
of our growing international base is from global government entities and public-sector clients



Our global presence

International AUM history (US$ billion)



Source for 13th largest asset manager statistic: IPE 2024, Top 500 Asset Managers Report 2024. Data as at 31 December 2023.
All other data, source: LGIM internal data as at 30 June 2024, and https://www.lgim.com/uk/en/capabilities/local-authorities/. The AUM disclosed aggregates the assets managed by LGIM in the UK, LGIMA in the US, and LGIM Asia in Hong Kong (2018-2019 only) and LGIM Singapore from July 2023.
The AUM includes the value of securities and derivatives positions but excludes Joint Ventures and Associates and may not total due to rounding. Historic AUM figures converted using the spot rate as at 31 December of that year, except for the half-year figure, which uses the spot rate as at 30 June of that year.
The government institutions AUM figure is based on a 'managed view' of AUM (all assets managed by LGIM). Therefore, we may not have access to specific data about underlying clients.

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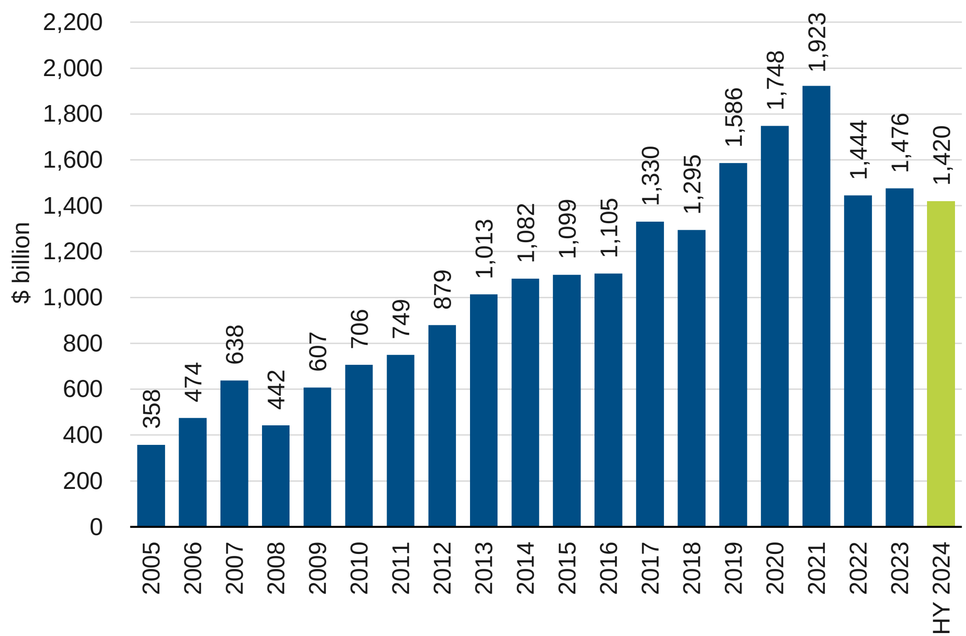
LGIM

HY results: an update on our business

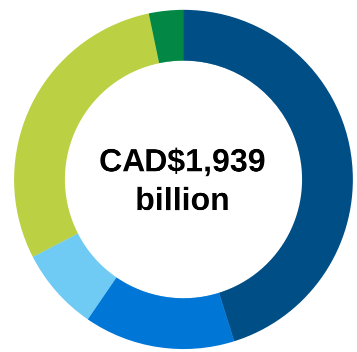
While improving, the macroeconomic backdrop has remained challenging

- Within this context, we delivered lower operating profit in our combined Asset Management business in H1 versus the prior year
- External net outflows mainly reflect UK Defined Benefit clients adjusting their portfolios in response to improved funding ratios
- We remain confident in our strategy, which is aimed at building the foundations for future growth and success

AUM (US$ billion) ex-JVs and Associates

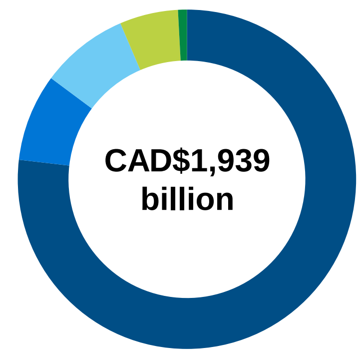


By asset class (US$ billion)



Index	641
Active Strategies	205
Multi Asset	112
Solutions	415
Real Assets	47
Total	**1,420**

By client type (US$ billion)



Pension Funds	1,091
Internal	118
Other Institutional	119
Wholesale	79
ETF	12
Total	**1,420**

Source: LGIM internal data as at 30 June 2024. The AUM disclosed aggregates the assets managed by LGIM in the UK, LGIMA in the US, and LGIM Asia in Hong Kong (2018-2019 only) and LGIM Singapore from July 2023. The AUM includes the value of securities and derivatives positions. It excludes Joint Ventures and Associates and may not total due to rounding.

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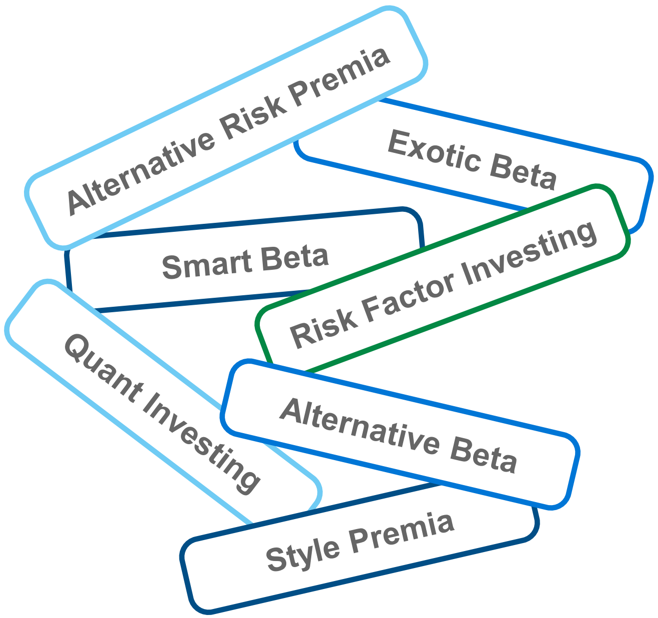
Fund Investment Process & Performance

Factor Based Investing

A combination of Active and Traditional Index

There are many names….



…for the same thing

Active

- Belief in alpha generation strategies
- Discretionary approach

Traditional Index

- Belief in efficient markets
- Rule-based approach

Factor Based Investing

- Systematic investment approach
- Aims to harness market risk & capture factor premia

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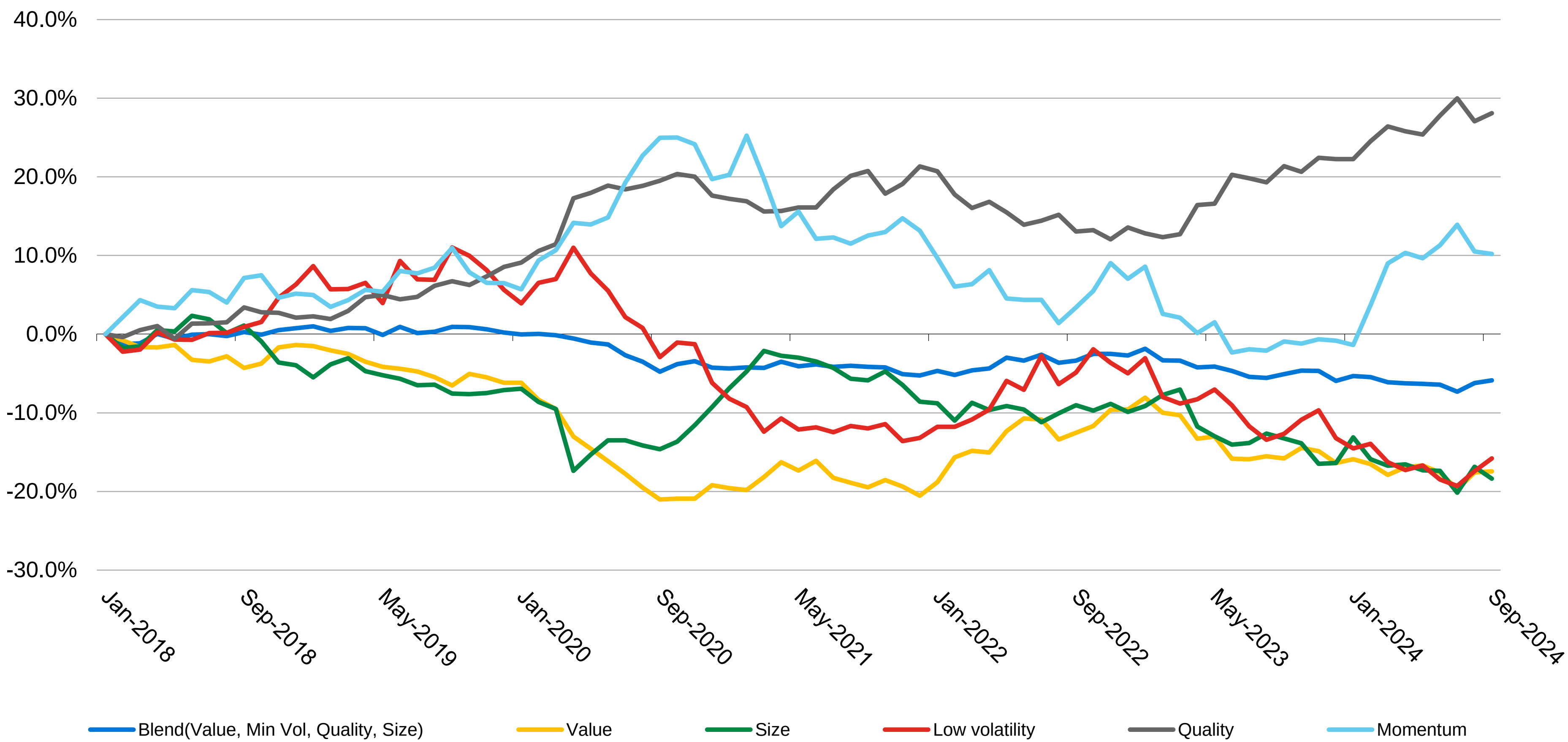
Multi-factor could provide a smoother investment journey[1]

Single factors undergo periods of underperformance

Performance of factors vs. blended index



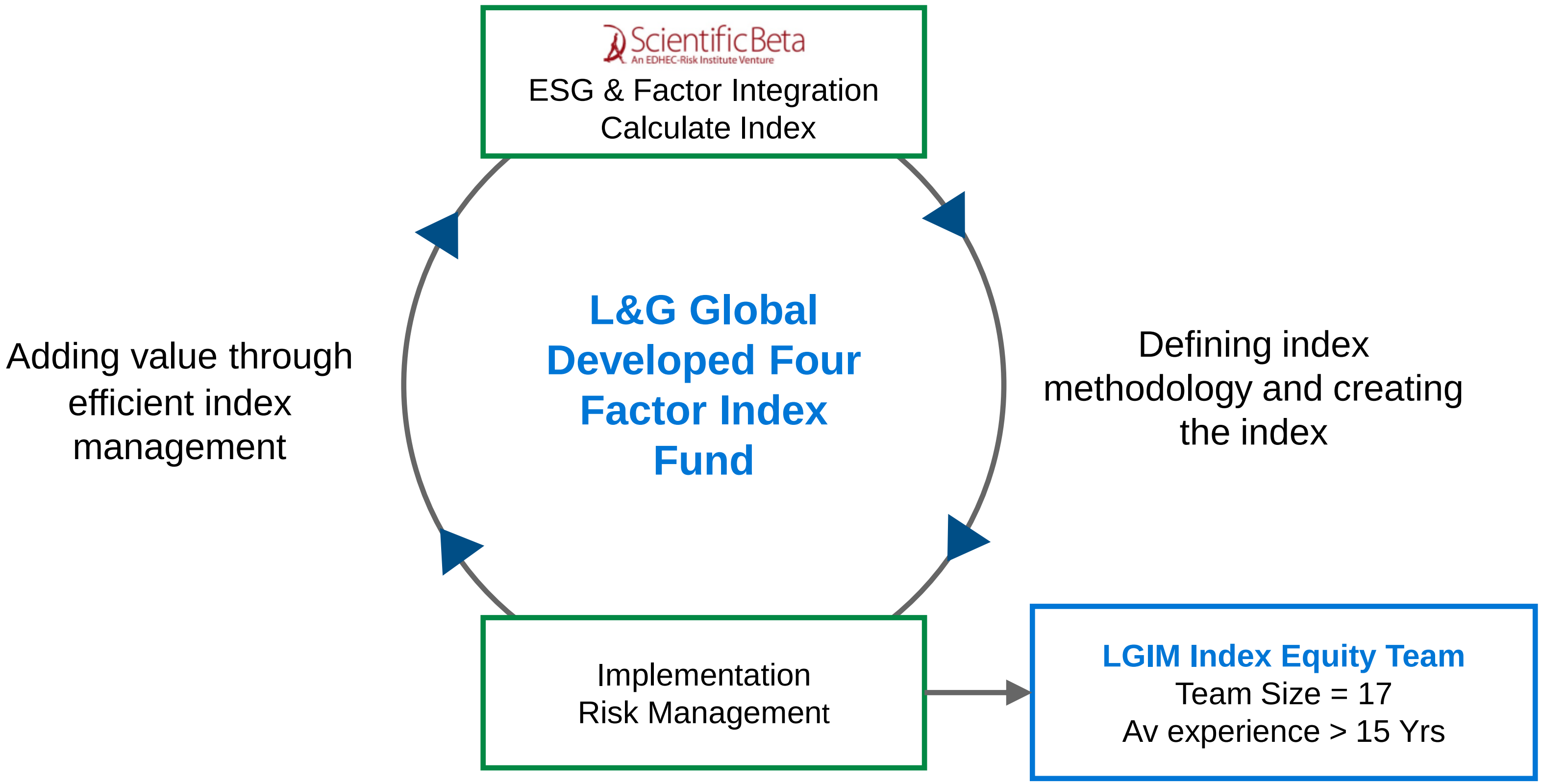
Source: MSCI, LGIM as at 30 September 2024.
Blend of factor is equal weighting between value, minimum volatility, quality, and size factor. Returns in GBP.
[1] The smoother investment journey is in relation to single factors.

Past performance is not a guide to future performance. The value of an investment and any income taken from it is not guaranteed and can go down as well as up, and the investor may get back less than the original amount invested.

L&G Global Developed Four Factor Index Fund

How the fund is managed

Governance process



 Source: LGIM.

L&G Global Developed Four Factor Index Fund

Balanced exposure to factors in a sustainable manner

Scientific Beta Index Methodology

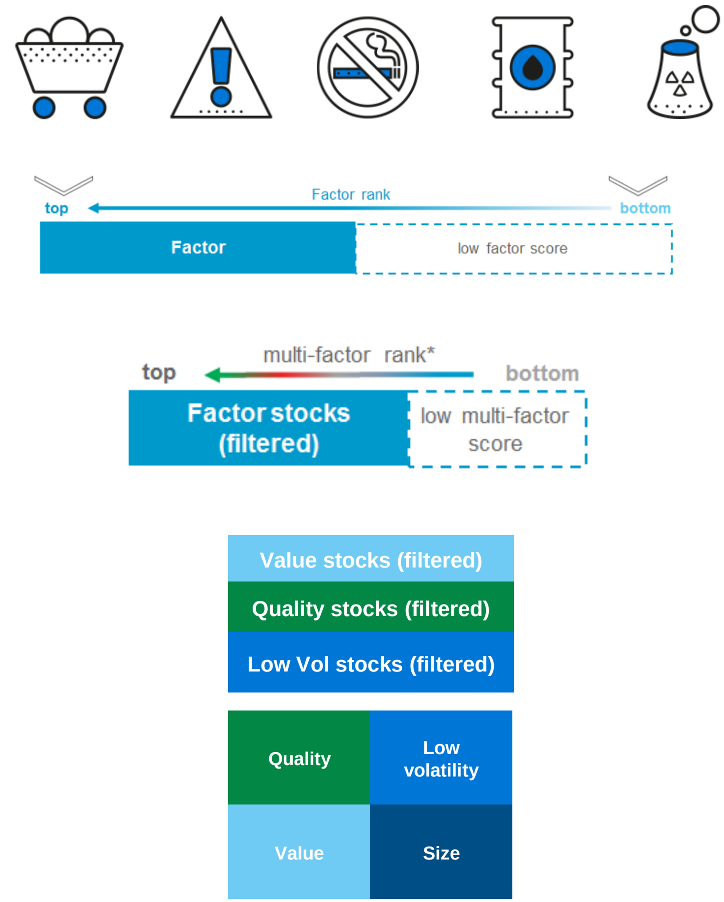
1. **Carbon Footprint Filter**: Top 10% most carbon intensity stocks are removed subject to sector protection
   ESG Filter: Tobacco, Controversial Weapons, Coal & Tar sands are excluded.

2. Rank stocks by each of the Value, Quality and Low Volatility factors factor
   Discard bottom 50% in each case

3. For each of the three stock sets, rank remaining stocks on a **multi-factor** basis
   Discard bottom 40% in each case and weight remaining stocks using diversified weighting scheme[1]

4. Combine resulting three stock sets with **equal weighting**. Size factor achieved implicitly through the mid-cap bias of the **diversified weighting scheme**.

✓ Implementation and management



*Average rank on: value, momentum, low volatility, low investment and high profitability.

[1] Diversified weighting scheme combines equal weighting with equal risk contribution.

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Fund Characteristics

	Market Cap[1]	SciBeta Dev LCrb HFI Mbeta (VWMQ) Mdecon
No. of stocks	1,470	769
YTD 2024	22.82%	18.73%
2023 Return	20.25%	12.84%
2022 Return	-11.49%	-9.72%
2021 Return	20.42%	19.17%
2020 Return	13.67%	7.70%
2019 Return	21.38%	18.88%
Historical Volatility (6 Jan 2021 - 30 Sep 2024)	12.83%	11.78%

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	Sector Deviations		
	Market Cap	SciBeta Dev LCrb HFI Mbeta (VWMQ) Mdecon	Diff
Energy	4.20%	2.90%	-1.30%
Basic Materials	3.64%	3.12%	-0.52%
Industrials	10.86%	11.09%	0.22%
Cyclical Consumer	11.61%	14.66%	3.05%
Non-Cyclical Consumer	6.04%	9.35%	3.31%
Financials	15.82%	21.20%	5.38%
Healthcare	11.80%	12.24%	0.44%
Technology	31.83%	19.79%	-12.04%
Telecoms	1.45%	2.47%	1.02%
Utilities	2.75%	3.17%	0.42%

Carbon Metrics[2]

	Developed CW	Strategy	Metric definition
WACI 1+2 (t/M$)	100.4	43.7	Weighted Average Carbon Intensity (WACI) is the ratio of the investment-weighted sum of the constituent-level Carbon Intensities, i.e. company emissions normalised by company revenues, to total portfolio investment. It is computed in respect of Scope 1 plus Scope 2 emissions.
Carbon Footprint 1+2 (kt/B$)	55.5	25.3	Carbon Footprint measures the greenhouse gas emissions associated with a portfolio normalised by its current market value. It is computed in respect of Scope 1 plus Scope 2 emissions.
Reserved Emissions (kt/B$)	1069.08	498.31	Reserved Emissions show the potential carbon dioxide emissions associated with the burning of fossil-fuel reserves (coal, oil and gas) controlled by an investment portfolio.

Source: SciBeta: Performance and Risk Report, SciBeta Developed Low-Carbon & ESG HFI Multi-Beta (vol, val, mom, pro/inv) Maximum Deconcentration, 30 September 2024. Performance: Analytics are based on daily total returns (dividends reinvested) in CAD.

[1] SciBeta Developed Cap Weighted Index annualised net returns except for 2024 which is YTD.

[2] Environmental impact analysis is from ISS data and LGIM. Sector Classification: Weighted Average Carbon Emission Intensity (tonnes CO2e/1mn USD Mn Revenue) is calculated based on Carbon Emissions Scope 1 and Scope 2. Carbon footprint (tonnes CO2e/1mn USD Invested) is calculated based on Carbon Emissions Scope 1 and Scope 2. Carbon Reserves intensity includes reserves from Coal, Oil & Gas. **The value of an investment and any income taken from it is not guaranteed and can go down as well as up, and the investor may get back less than the original amount invested.**

Fund Performance & Holdings

Fund Name	2024 (YTD)	2023	2022	2021	2020	2019
L&G Global Developed Four Factor Index Fund[1]	17.25	9.92	-4.90	21.69	6.11	20.08
Benchmark: SciBeta Developed Low-Carbon & ESG High-Factor-Intensity Multi-Beta (vol, val, mom, pro/inv) Maximum Deconcentration	16.85	9.41	-5.23	21.31	5.51	19.63
Relative	+0.40	+0.51	+0.33	+0.38	+0.60	+0.45

Source: LGIM internal data. Please note attribution may not add up due to rounding.
[1] Calendar Year Performance over last five years, except 2024, which is YTD. Performance shown for G-class GBP, NET returns.

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Top 10 – Fund Holdings

T-Mobile US
Walmart
Travelers Cos
Boston Scientific
TJX Cos
Bank Of New York Mellon
Bristol-Myers Squibb Co
Alphabet A
Allstate
Aflac

Top 10 – Country Holdings

United States
Japan
United Kingdom
Canada
Switzerland
Germany
France
Australia
Netherlands
Sweden

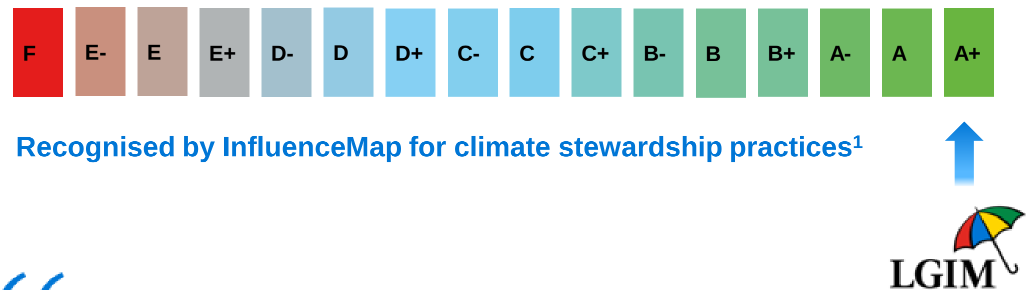
Source: LGIM Internal Data. As at September 2024. For illustrative purposes only. Reference to a particular security is on a historic basis and does not mean that the security is currently held or will be held within an LGIM portfolio. The above information does not constitute a recommendation to buy or sell any security.

Stewardship & Responsible Investment

Overview of LGIM's approach to Responsible Investment

We strive to achieve our purpose through deep, long-term partnership with our clients

- ✓ **Over 40 years of experience** working with companies and policymakers to raise market standards
- ✓ **Extensive expertise** across Investment Stewardship and Investment teams, who work together to drive change
- ✓ **Innovative, industry-leading solutions** across asset classes to meet clients' present and future needs

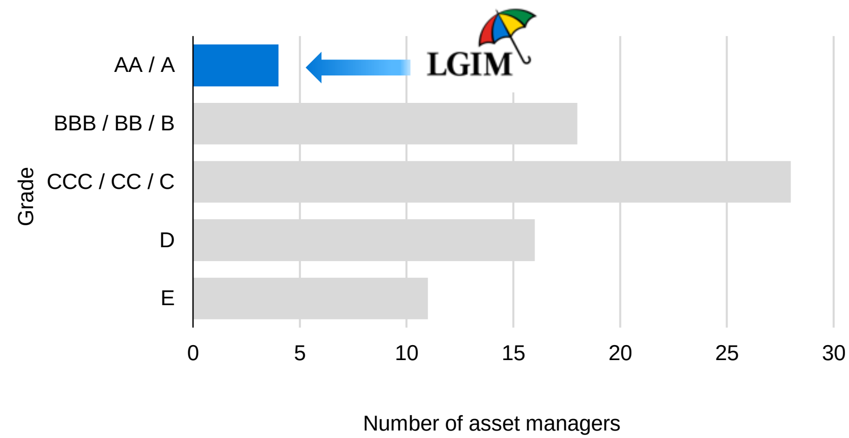


Recognised by InfluenceMap for climate stewardship practices[1]

"LGIM stood out for their **leadership** in using proxy voting to hold the directors of companies vital to the net zero transition accountable for ensuring their operations and business models are in alignment with 1.5°C-aligned pathway"

- Majority Action: Climate in the Boardroom[2]

LGIM receive an 'A' rating from ShareAction for our approach to responsible investing[3]



[1] InfluenceMap: Asset managers and climate change. FinanceMap's 2023 Asset Managers and Climate Change analysis assessed 45 of the world's largest asset managers. LGIM received an 'A+' rating.

[2] Majority Action: Climate in the Boardroom: How Asset Manager Voting Shaped Corporate Climate Action in 2023. LGIM were recognised alongside two other asset managers for leadership in proxy voting.

[3] ShareAction: Point of No Returns 2023. ShareAction ranked the responsible investment policies and practices of 77 of the world's largest asset managers. LGIM received an 'A' rating.

Identify, engage, change

Structured engagement with consequences

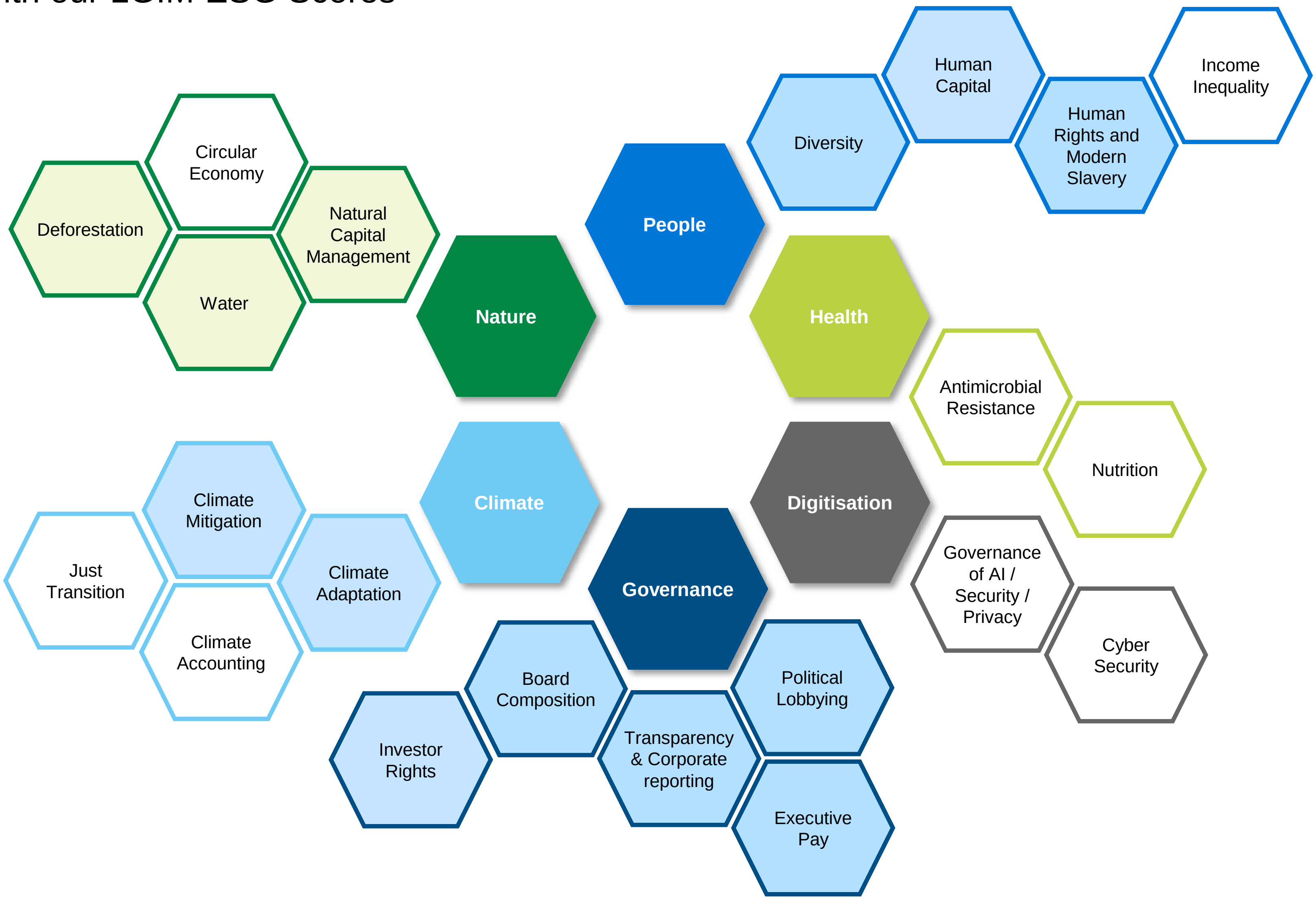
ENGAGEMENT WITH CONSEQUENCES

Transparency	We publish our policies, votes and **views on individual companies (ESG Score, Climate Score)**
Direct engagement	In 2023, we held **2,500 engagements with 2,050 companies**
Collaborative engagement	We **strengthen our voice** by working with peers and industry bodies around the world
Vote against	We vote against proposals and **individual directors**
Capital allocation	We will **exclude companies** and **reduce allocations** where permitted
Policy & regulator engagement	**Over 200 meetings** in 2023 with government ministries, regulators, NGOs and other non-corporate stakeholders
Public pressure	Transparency: we **publish company laggards** in our Climate Impact Pledge
Shareholder resolutions	We **co-filed 3 shareholder resolutions at AGMs in 2023**

 Source: LGIM, April 2024. Engagement data for calendar year 2023.

LGIM Stewardship themes

Overlap with our LGIM ESG Scores



Source: LGIM, 31 December 2023.
Shaded 'sub-theme' tiles indicate direct overlap with our LGIM ESG scores and exclusions in LGIM Future World Protection List.

LGIM's responsible investing IP: LGIM's ESG Score

Our transparent ESG scoring methodology for companies

LGIM ESG Score

LGIM E score (Environmental)

Emission & Transition

1. Carbon emissions intensity (S1&2)
2. **Value chain emissions intensity (S3)**
3. Temperature alignment
4. Green revenues
5. Carbon reserve intensity

Natural Capital

6. Biodiversity programme
7. **Deforestation programme**
8. **Water management programme**

LGIM S score (Social)

Social diversity

9. Women on the board
10. Women at the executive level
11. Women in management
12. Women in the workforce

Human capital

13. Bribery and corruption policy
14. Freedom of association policy
15. Discrimination policy
16. Supply chain policy
17. Employee incidents
18. Business ethics incidents
19. Social supply chain incidents

LGIM G score (Governance)

Board composition

20. Independent chair
21. Independent directors on the board
22. Board tenure

Governance oversight

23. Non-audit fees paid to auditor
24. Audit committee expertise
25. Audit opinion
26. Lobbying activities (climate lobbying)

Investor rights

27. Free float
28. Equal voting rights

LGIM T score (Transparency)

Transparency

29. ESG reporting standard
30. Verification of ESG reporting
31. Scope of GHG emissions
32. Tax disclosure
33. Director disclosure
34. Remuneration disclosure

LGIM

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We also support our clients in meeting reporting requirements

LGIM provides regular updates on responsible investing activity

Stewardship

Public views on ESG credentials:

- Next day **votes** and **rationales, pre-declaration blog**
- **ESG scores** covering thousands of companies globally
- **Climate Impact Pledge** scores covering 5,000 companies globally
- Firm-wide voting and engagement statistics and case studies by theme and region

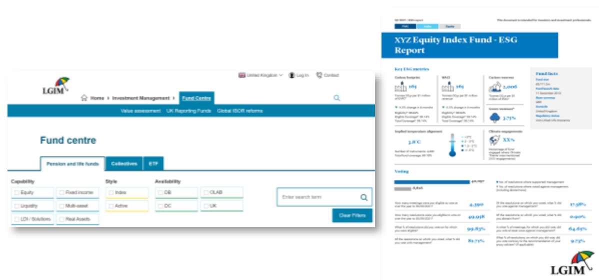
Client ESG reporting

Fund level reporting of:

- Key **ESG metrics**, such as carbon footprint, temperature alignment
- **Voting**
- **Engagement**
- **Climate-related risks** and **opportunities**

Fund level-reporting of voting and engagement:

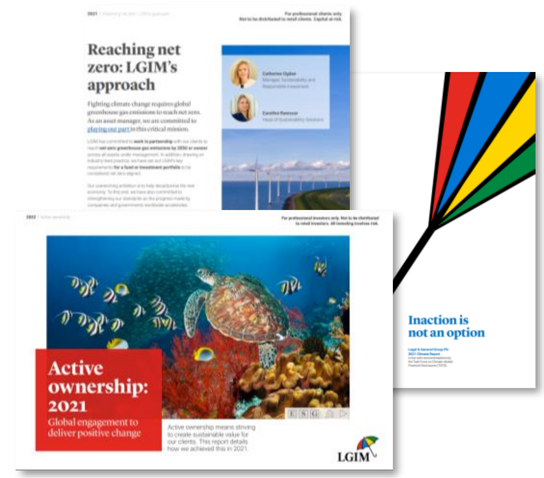
- PLSA vote template reporting, including significant votes
- Engagement reporting broken down by theme



- We will provide pre-contractual and post-contractual disclosures required under **SFDR***

Thought leadership

- Annual Active Ownership report
- Quarterly ESG Impact reports
- TCFD report
- Climate Impact Pledge report
- Investment Stewardship policies and guides
- ESG specific blog posts
- Regular podcasts



LGIM, as at January 2024. For illustrative purposes only. Subject to change.
*SFDR = European Union Sustainable Finance Disclosure Regulation.

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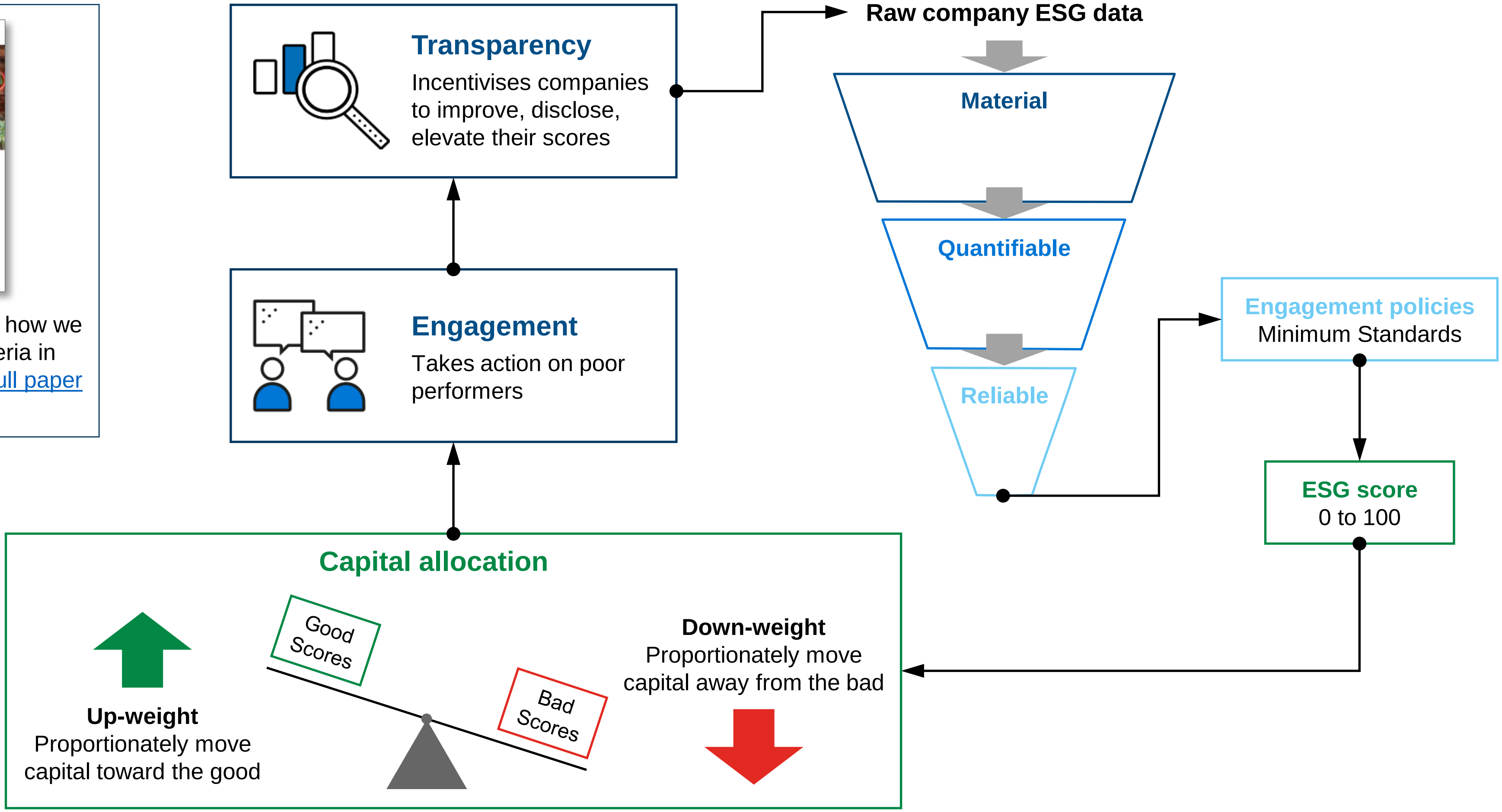
The feedback loop between Stewardship and Index

Driving capital to effect change

For more detail on how we integrate ESG criteria in practice, see [our full paper on the topic].



LGIM

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Appendix

Case study: TJX

Escalation through divestment

Identify

- Stewardship team previously highlighted **serious concerns** with regards to **company's climate strategy including**:
  - × **No disclosure of Scope 3 emissions** (particularly purchased goods and services)
  - × Lack of integration of a **comprehensive net-zero commitment**
  - × **Lack of a deforestation policy**
  - × Lack of disclosure of **climate lobbying activities**

Engage

- **Multiple direct engagements** with the company since 2020; willingness to have a dialogue with us
- **Voted against chair** between 2020-2023
  - ✓ Disclosure of some **Scope 3 emissions categories**
  - ✓ **Net-zero by 2050 commitment** for Scope 1 and 2
  - ✓ **Interim operational emission reduction targets**

Escalate

- **Divestment**: we remain concerned that TJX does not have a zero-deforestation policy in place and no intention to analyse its potential exposure to commodity-driven deforestation.
  - × TJX does not provide comprehensive disclosure of material scope 3 emissions (particularly category 1: purchased goods and services), progress has been slow given how material this is.
  - × Net-zero target and decarbonisation efforts limited to reducing operational emissions, leaving value chain emissions unaddressed.
- We will continue to engage with the company.

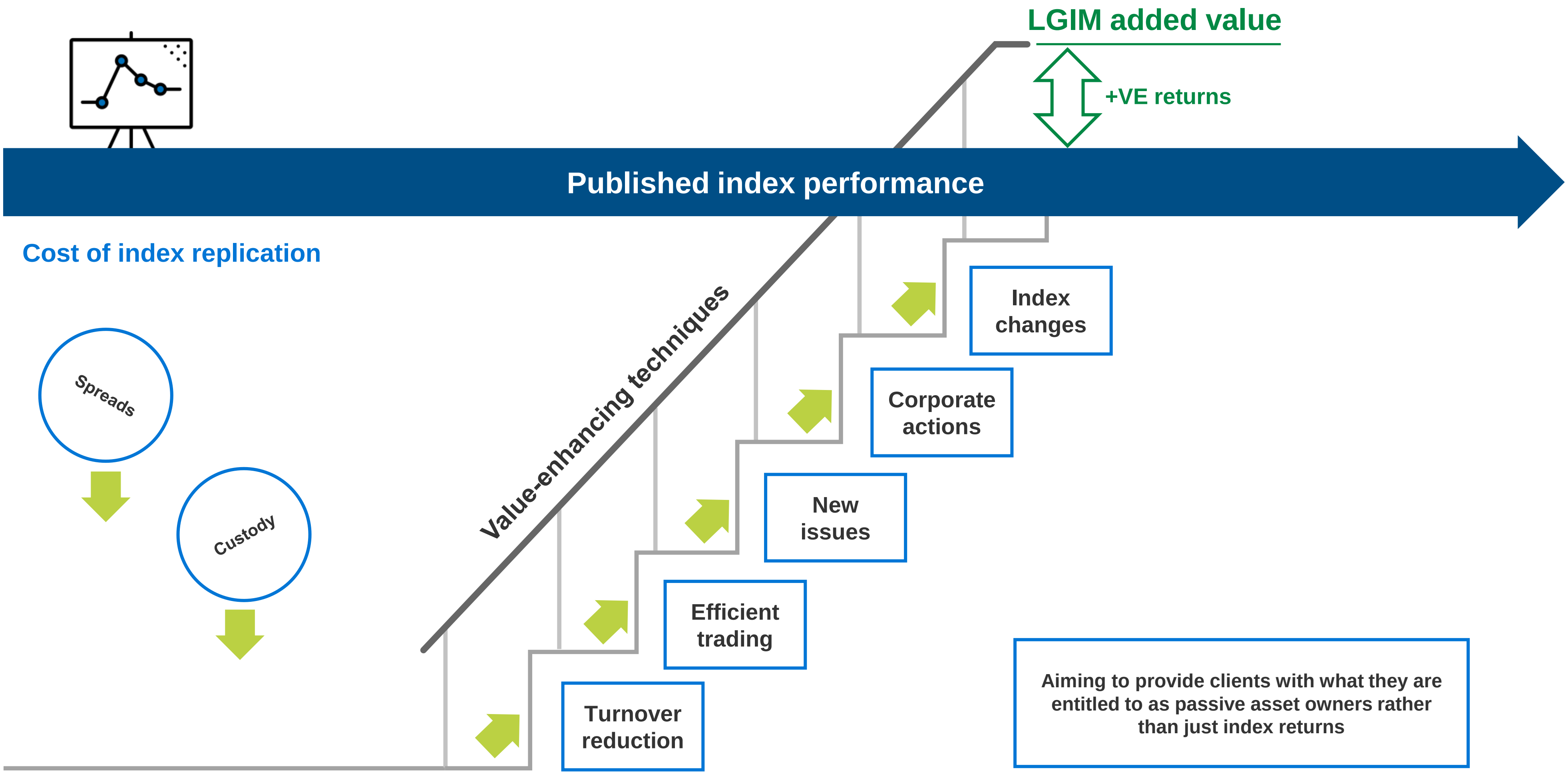
LGIM ESG Score

30 September 2021		31 March 2024
61	⬇	**58**

Source: LGIM, June 2024. Companies are divested from selected funds with £176 billion in assets (as at 31 December 2023), including funds in the Future World fund range, LGIM's ESG fund ranges and all auto-enrolment default funds in L&G Workplace Pensions and the L&G Mastertrust. Companies are divested up to a pre-specified tracking-error limit. If the tracking error limit is reached, holdings are reduced rather than fully divested. **References to any security are for illustrative purposes only. The above information does not constitute a recommendation to buy or sell any security. Case study shown for illustrative purposes only.** More information on the methodology underpinning our ESG scores, and additional disclosures can be found here: https://esgscores-lgim.huguenots.co.uk/uk/en/

LGIM's value-enhancing philosophy

Focus on reducing costs and maximising returns



Aiming to provide clients with what they are entitled to as passive asset owners rather than just index returns

 Source: LGIM.
For illustrative purposes only.

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L&G Global Developed Four Factor Index Fund

Key risks

- The value of an investment and any income taken from it is not guaranteed and can go down as well as up, and the investor may get back less than the original amount invested.
- The fund could lose money if any institution providing services such as acting as counterparty to derivatives or other instruments, becomes unwilling or unable to meet its obligations to the fund.
- Derivatives are highly sensitive to changes in the value of the asset on which they are based and can increase the size of losses and gains.
- The fund may have underlying investments that are valued in currencies that are different from the currency of this share class. Exchange rate fluctuations will impact the value of your investment. Currency hedging techniques may be applied to reduce this impact but may not entirely eliminate it.

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L&G Global Developed Four Factor Index Fund

Key Risks

- The value of an investment and any income taken from it is not guaranteed and can go down as well as up, and the investor may get back less than the original amount invested. Past performance is not a guide to future performance.
- The Fund has a sustainability and/or ESG focus in its investment process which may i) limit the Fund's exposure to or exclude certain companies, industries or sectors ii) impact the Fund's investment performance compared to other funds that do not apply such criteria and, iii) differ from an investor's own sustainability and/or ESG criteria.
- The Fund may have underlying investments that are valued in currencies that are different from CAD in which case exchange rate fluctuations will impact the value of your investment. Currency hedging techniques may be applied to reduce this impact but may not entirely eliminate it. In addition, the return in the currency of this share class may be different to the return in your own currency.
- Derivatives are highly sensitive to changes in the value of the asset on which they are based and can increase the size of losses and gains.
- The Fund could lose money if any institutions providing services such as acting as counterparty to derivatives or other instruments, becomes unwilling or unable to meet its obligations to the Fund.

Further information on the risks of investing in this Fund is contained in the Prospectus available at www.lgim.com.

LGIM

Legal & General Investment Management

Disclaimer and important legal notice 1/2

Important Information

Legal & General Investment Management

Disclaimer and important legal notice 2/2

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