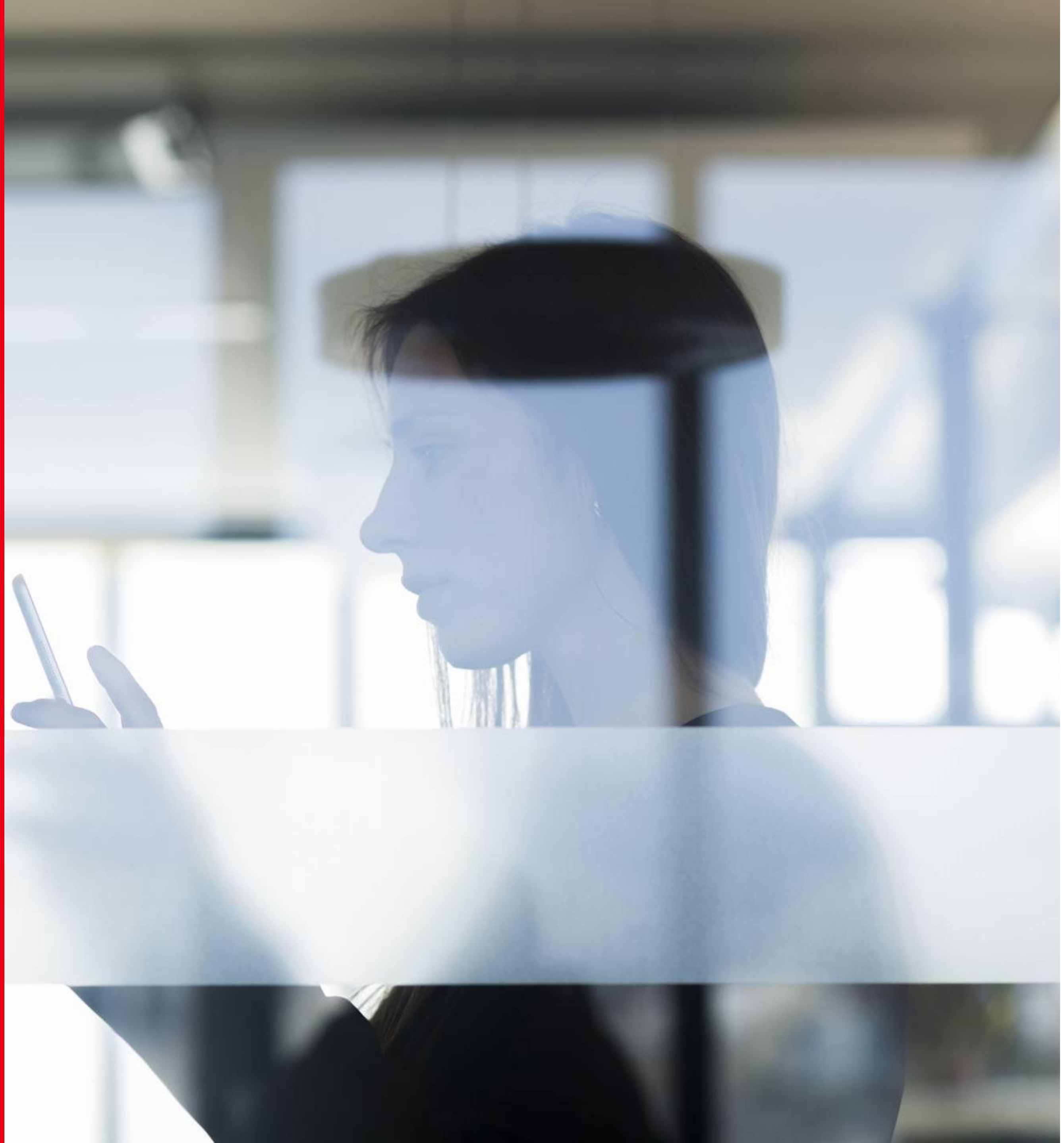
Attachment 1A



Discussion Guide

2026 Q1

Prepared for: City of Toronto (Investment Board)

Prepared by: Aon Solutions Canada Inc.

22 June 2026

Agenda

AON

1

Markets Review

Further information.
Watch the Investment Outlook video access code: aon!

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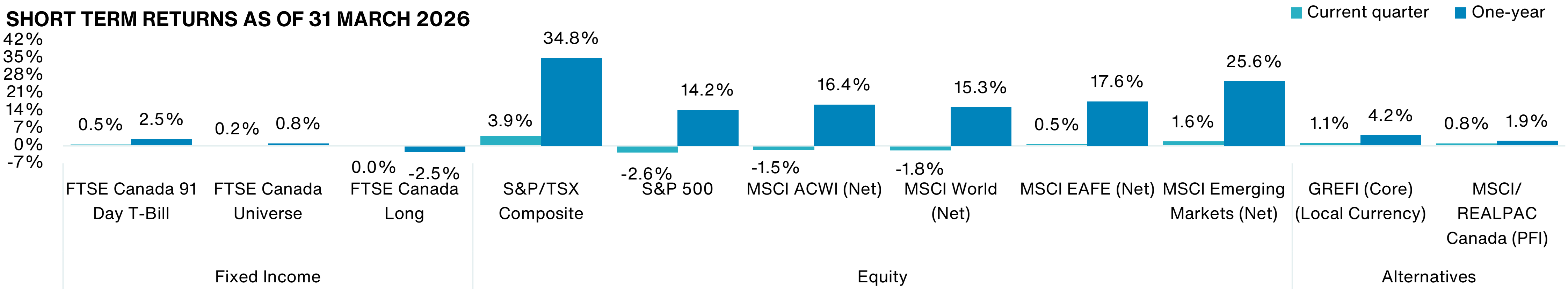
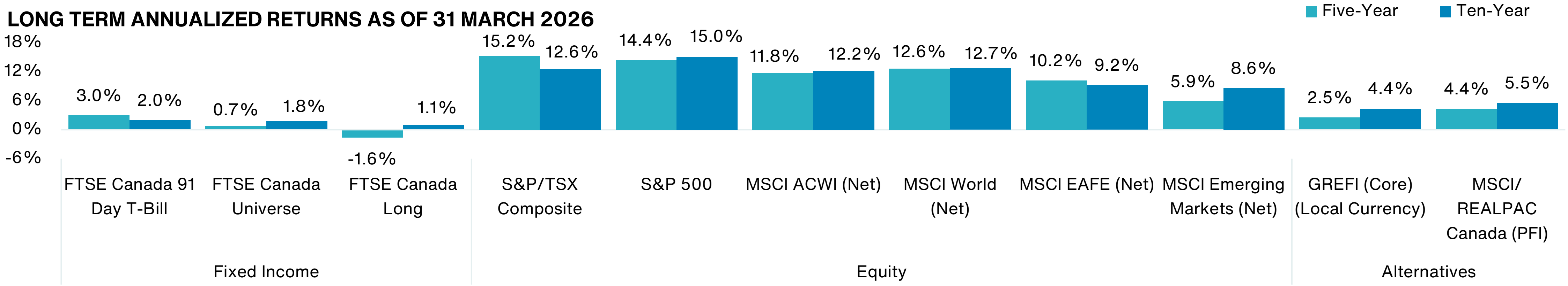
Capital Markets Overview

SHORT TERM RETURNS AS OF 31 MARCH 2026



Sources: S&P, MSCI, FTSE. Unless it's otherwise stated, gross CAD returns are shown in this report.

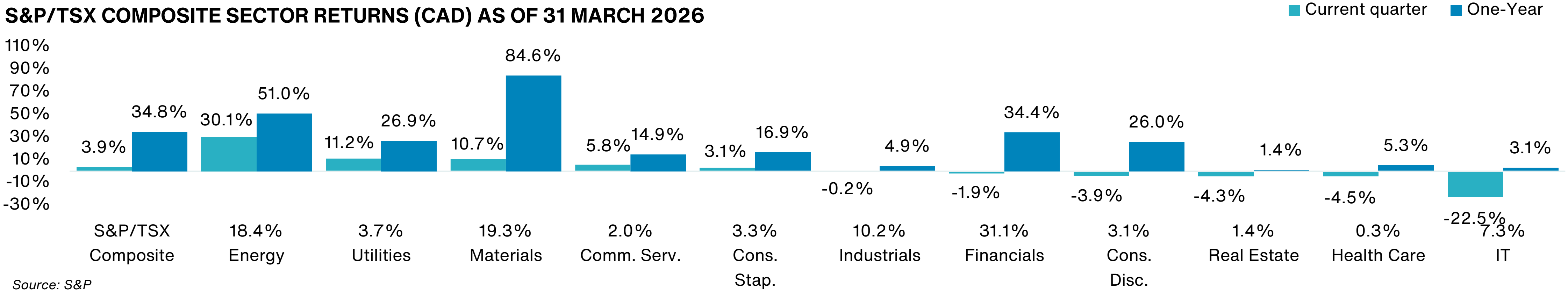
LONG TERM ANNUALIZED RETURNS AS OF 31 MARCH 2026



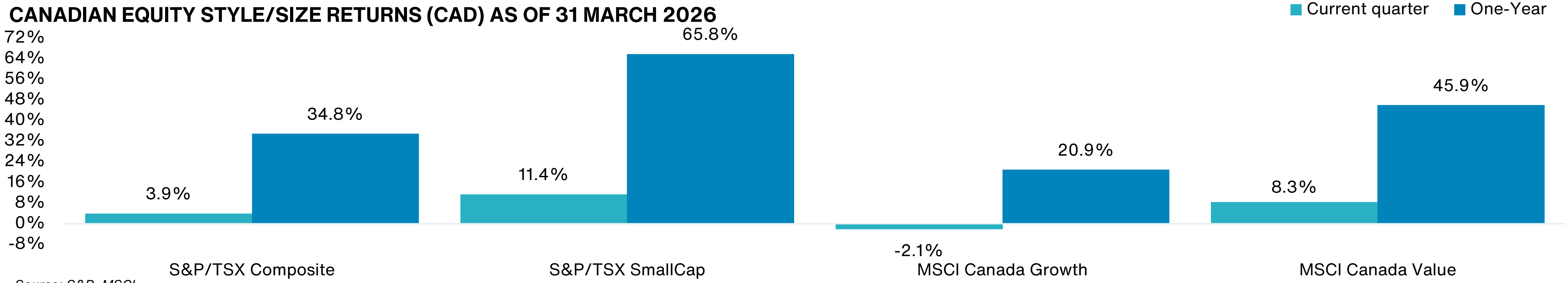
Sources: S&P, MSCI, FTSE. Unless it's otherwise stated, gross CAD returns are shown in this report.

Capital Markets Overview

Canadian Equity



Source: S&P

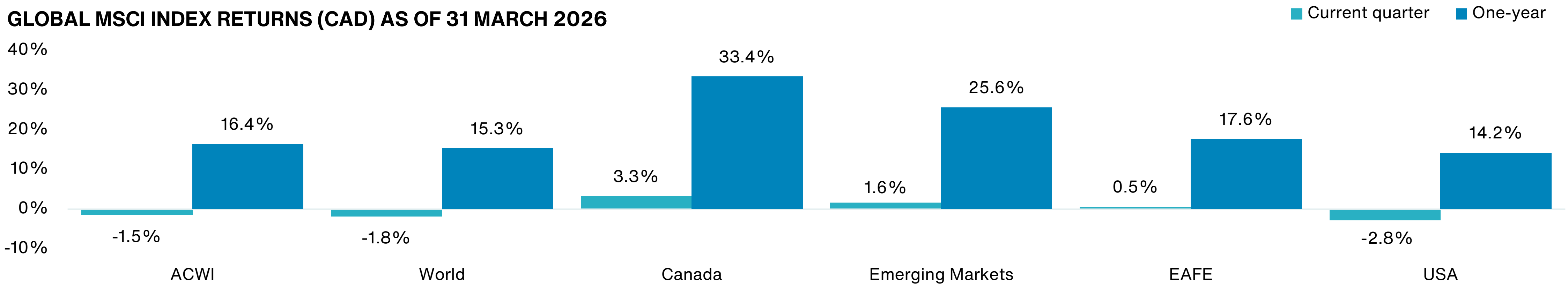


Source: S&P, MSCI

Capital Markets Overview

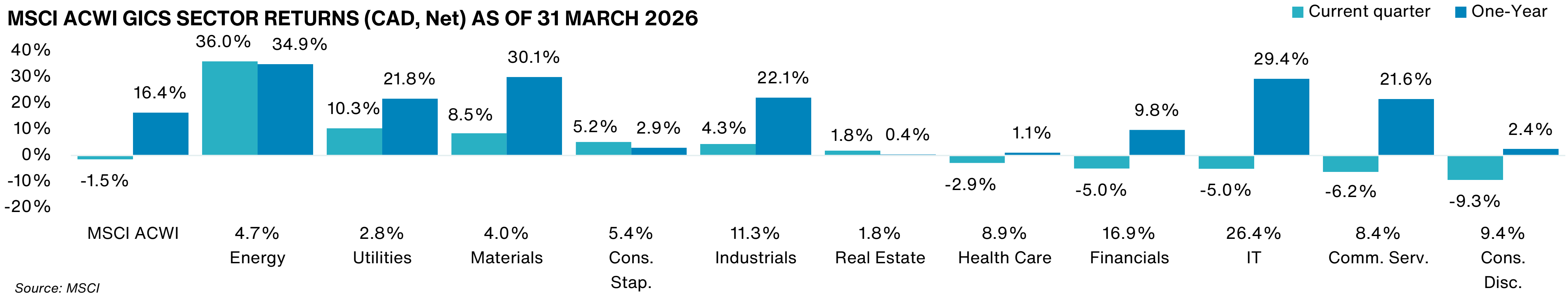
Global Equity

GLOBAL MSCI INDEX RETURNS (CAD) AS OF 31 MARCH 2026



Source: MSCI. Gross returns shown for the MSCI Canada and USA indices, whilst net returns are shown for the other indices.

MSCI ACWI GICS SECTOR RETURNS (CAD, Net) AS OF 31 MARCH 2026



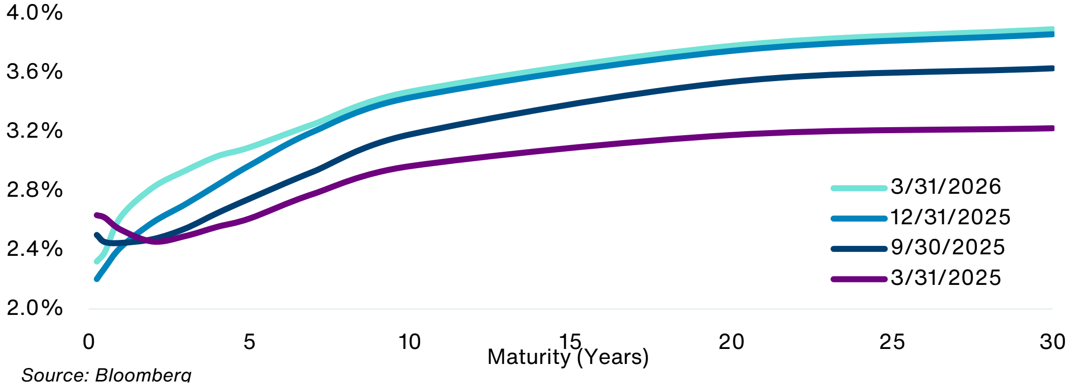
Source: MSCI

Past performance is no guarantee of future results. Indices cannot be invested in directly. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect fees and expenses. **MSCI net return assumption**: foreign tax withholding rate from dividends are deducted before investing.

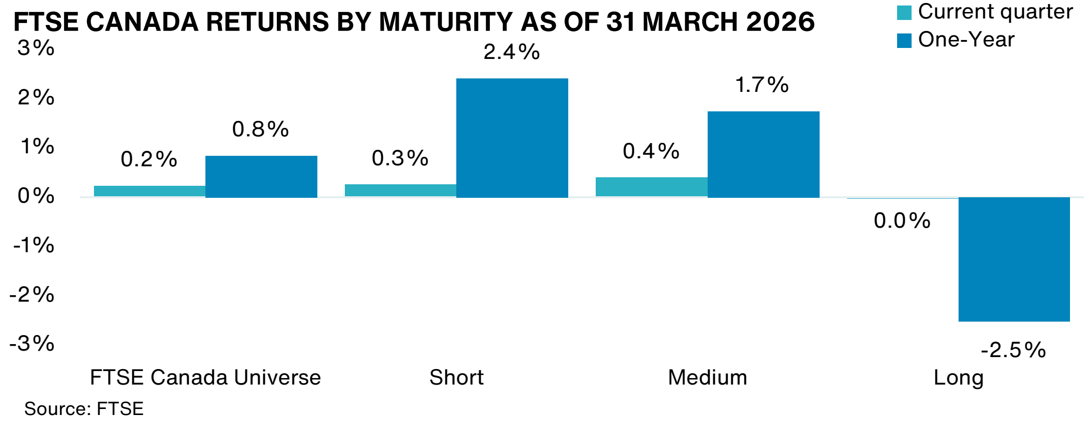
Capital Markets Overview

Fixed Income

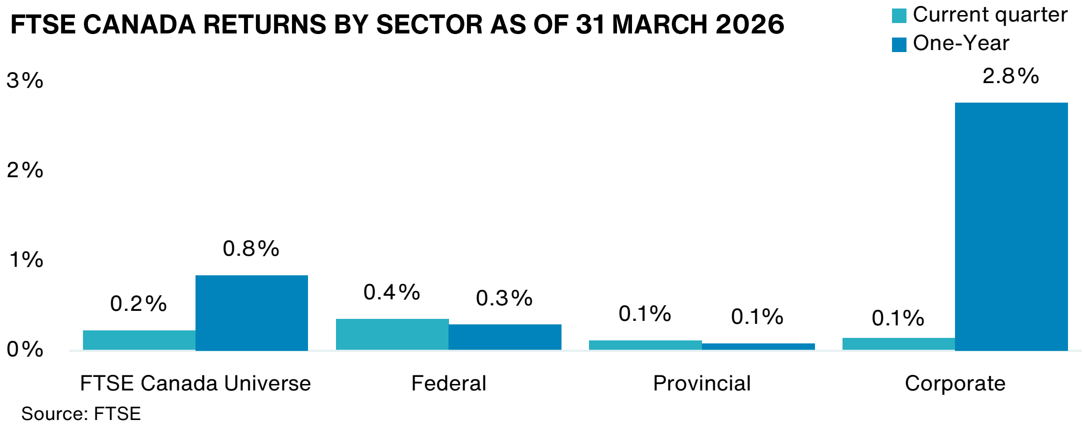
CANADIAN FEDERAL YIELD CURVE



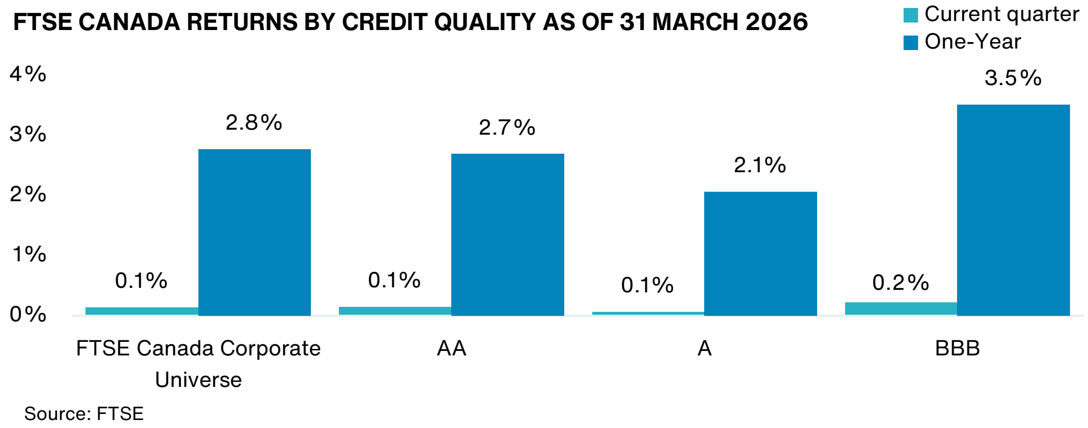
FTSE CANADA RETURNS BY MATURITY AS OF 31 MARCH 2026



FTSE CANADA RETURNS BY SECTOR AS OF 31 MARCH 2026



FTSE CANADA RETURNS BY CREDIT QUALITY AS OF 31 MARCH 2026



Quarterly Investment Outlook

A Summary of our Thoughts

Middle East conflict

Whilst markets have been cheered by the ceasefire between Iran and the U.S., we fear it could be an unstable one, with Iran unlikely to want to relinquish control over the Strait of Hormuz. Markets seem to be pricing the modal scenario rather than reflecting tail risks.

Inflation risks

Inflation expectations have now converged to our original view for 2026, but energy and other supply chain shocks from fertiliser to aluminium could put upward pressure on prices.

Central Bank rates

Our view had been that rates markets were predicting too many cuts for the U.S. We now think they are right to have no cuts for the U.S. Meanwhile, we think the markets were predicting too many hikes for Canada. Given the slack we see in the Canadian economy, we think the Bank of Canada will pause for the rest of the year.

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Performance Review

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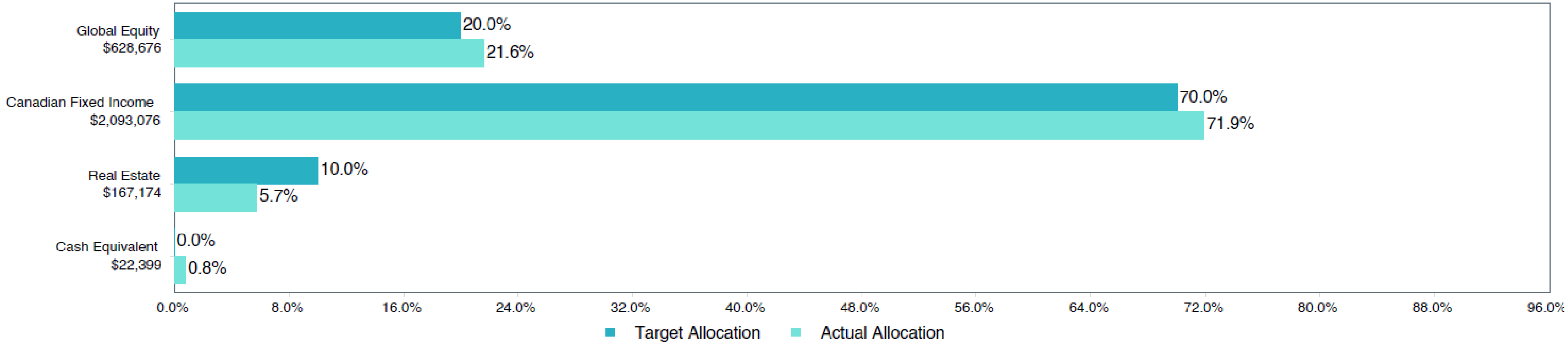
Executive Summary – Sinking Fund and Long-Term Fund

	Performance (%)			Market value ($000)	Fees (bps)	Objective Met	Action Required
	Quarter	1 Year	4 Year				
Sinking Fund Return	-0.3	0.6	2.8	2,911,325	13.7	No	No
Sinking Fund Benchmark	0.2	2.5	3.5				
Value Added	-0.5	-1.9	-0.7				
Long Term Fund Return	-0.3	2.6	4.5	6,415,712	16.2	No	No
Long Term Fund Benchmark	0.2	4.6	5.0				
Value Added	-0.4	-2.0	-0.5				

Asset Allocation Compliance – Sinking Fund

As of 31 March 2026 ($000)



	Market Value ($000)	Market Value (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)	Within Range
Global Equity	628,676	21.6	20.0	1.6	0.0	30.0	Yes
Canadian Fixed Income	2,093,076	71.9	70.0	1.9	50.0	100.0	Yes
Real Estate	167,174	5.7	10.0	-4.3	0.0	15.0	Yes
Cash Equivalent	22,399	0.8	0.0	0.8	0.0	5.0	Yes
Total Fund	**2,911,325**	**100.0**	**100.0**	**0.0**			

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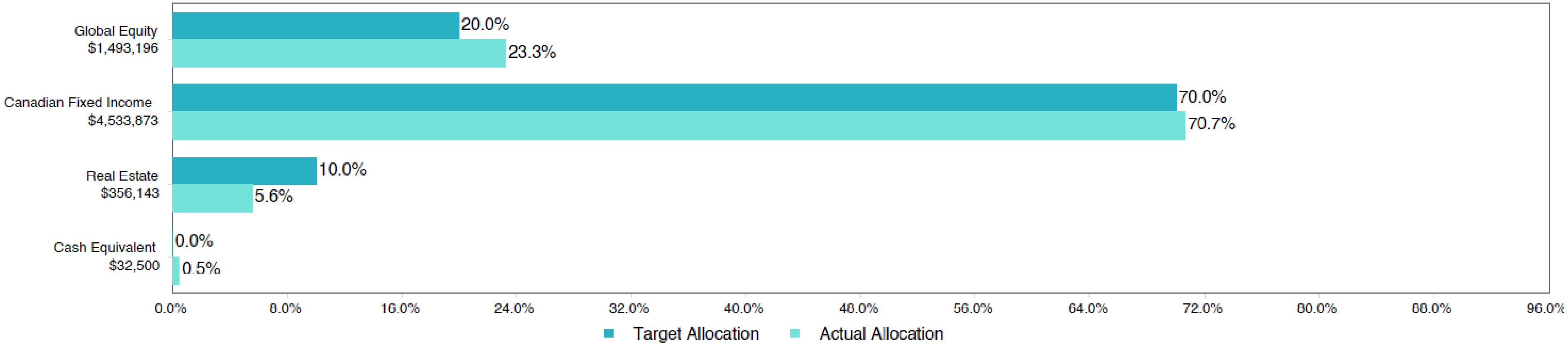
Asset Allocation Compliance – Long Term Fund

As of 31 March 2026 ($000)



	Market Value ($000)	Market Value (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)	Within Range
Global Equity	1,493,196	23.3	20.0	3.3	0.0	30.0	Yes
Canadian Fixed Income	4,533,873	70.7	70.0	0.7	50.0	100.0	Yes
Real Estate	356,143	5.6	10.0	-4.4	0.0	15.0	Yes
Cash Equivalent	32,500	0.5	0.0	0.5	0.0	5.0	Yes
Total Fund	**6,415,712**	**100.0**	**100.0**	**0.0**			

Strategy Performance

Strategy	Rating	Value Added (%) Quarter	Value Added (%) SI*	Action Required
Addenda LDI	Buy	0.1	0.3	No
Fiera LDI	Buy	0.0	0.3	No
CC&L Core Fixed Income	Buy	0.0	0.5	No
Leith Wheeler Core Fixed Income	Buy	0.1	0.6	No
Pier 21 Global Equity	Buy	-3.0	-3.0	No
Oakmark Global Equity	Buy	-3.4	-5.0	No
Fiera Global Focused Equity	Buy	-3.1	-1.5	No
LGIM Multi-Factor Global Equity	Buy	2.1	-2.9	No
UBS Global Real Estate	Buy	-2.3	-5.5	No
CBRE Global Alpha	Buy	-4.4	-5.3	No

*Since Inception Dates:
- Addenda LDI, Fiera LDI, CC&L Core Fixed Income, Leith Wheeler Core Fixed Income: 7/1/2019
- Pier 21 Global Equity, Oakmark Global Equity: 11/1/2019
- Fiera Global Focused Equity: 2/19/2020
- LGIM Multi-Factor Global Equity: 12/14/2020
- UBS Global Real Estate: 7/1/2024
- CBRE Global Alpha: 12/5/2024

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Manager Updates

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Manager Updates

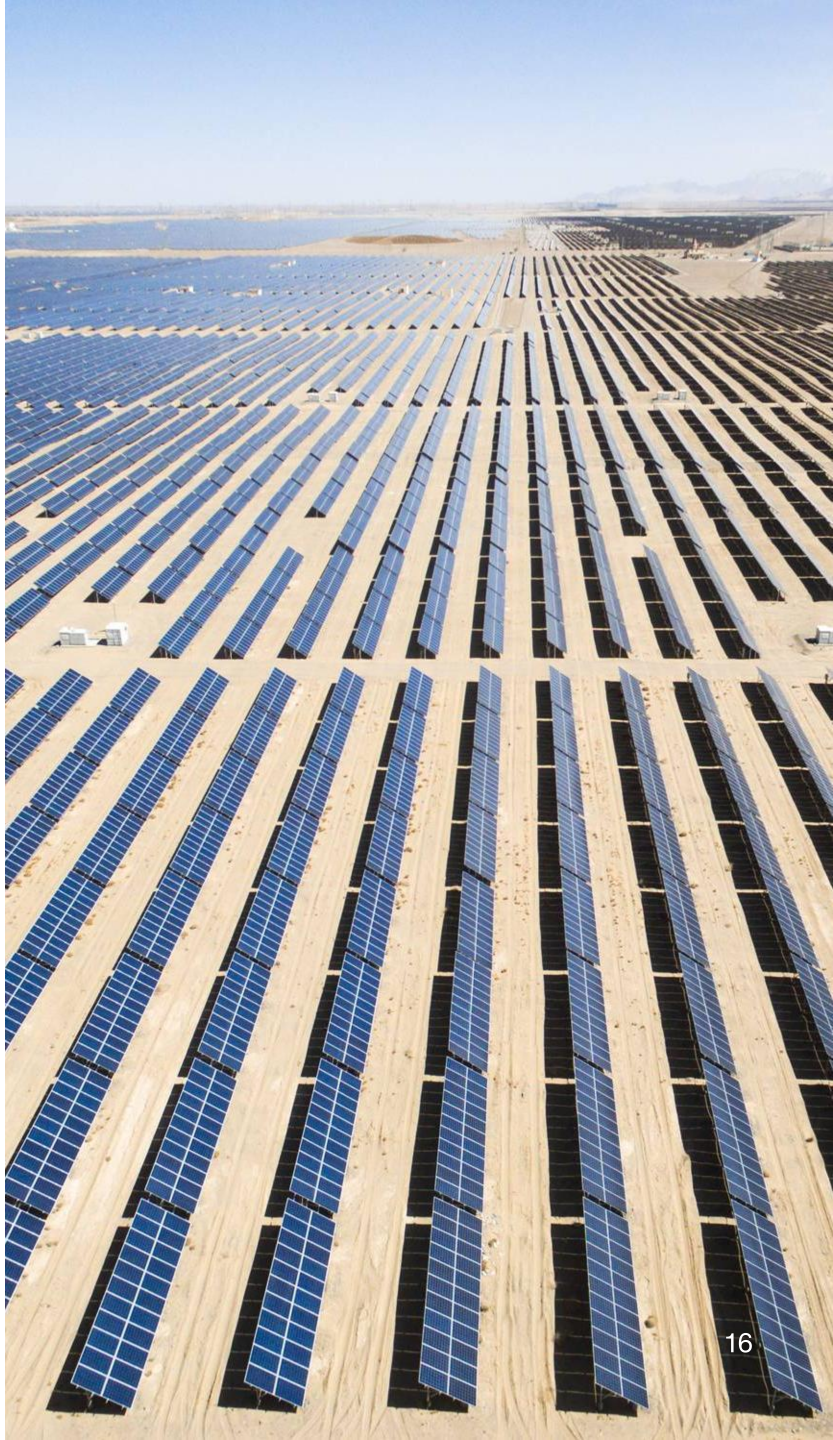
Manager Name	Quarterly Update	ESG Rating
Addenda	• Addenda Capital LDI strategy Returned to “Buy” from “In Review”	Integrated
CBRE	• No significant updates impacting City of Toronto	Integrated
CC&L	• No significant updates impacting City of Toronto	Integrated
Fiera	• Maxime Menard, Global President and Chief Executive Officer, is taking medical leave. The Board of Directors has named Gabriel Castiglio, Executive Director and Global Chief Operating Officer, to serve as Interim Global Chief Executive Officer • No impact to the City of Toronto’s investment	Integrated
Leith Wheeler	• No significant updates impacting City of Toronto	Integrated
LGIM	• No significant updates impacting City of Toronto	Advanced
Pier 21 (C. Worldwide)	• No significant updates impacting City of Toronto	Integrated
UBS	• Alan Matijas has joined UBS Asset Management as Head of Canada and Head Institutional Client Coverage (ICC) Canada based in Toronto • No impact to the City of Toronto’s investment	N/A

ESG Rating Scale

The rating assesses the integration of financially material ESG risk factors into the investment decision-making process.

The ESG factor is assigned a rating and can be interpreted as follows.

Rating	Interpretation
Advanced (A)	The fund management team demonstrates an advanced awareness of potential ESG risks in the investment strategy. The fund management team can demonstrate advanced processes to identify, evaluate and potentially mitigate these risks across the entire portfolio.
Integrated (I)	The fund management team has taken appropriate steps to identify, evaluate and mitigate potential financially material ESG risks within the portfolio.
Limited (L)	The fund management team has taken limited steps to address ESG considerations in the portfolio.
Not Applicable (n/a)	ESG risks and considerations are not applicable to this strategy, for example, on the grounds of materiality or asset class relevance.



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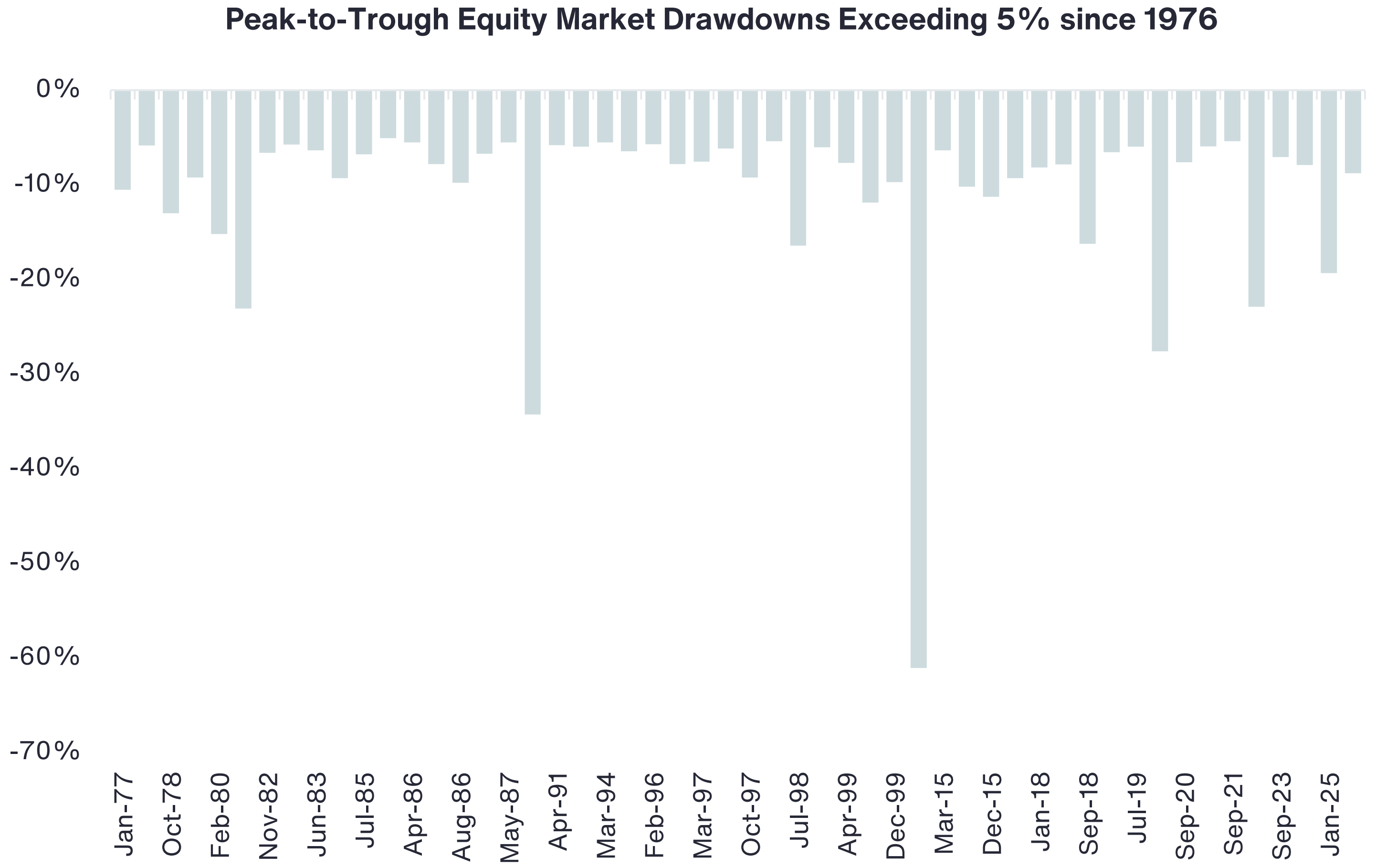
4

InFocus

Weathering Volatility

Weathering Volatility

Drawdowns Are an Inherent Reality of Investing



- Typically, a 5% drawdown occurs once a year, a 10% drawdown every four years, and a 20% drawdown every ten years.
- Accurately capturing short-term market dislocations is near-impossible, and investors selling at the wrong time run the risk of missing out on recoveries.

Source: S&P, Bloomberg. Performance based on S&P 500 (CAD) between Dec 1976 and Mar 2026.
Peak-to-trough drawdowns measure the maximum loss from a historical peak to its lowest point before full recovery.

Weathering Volatility

Geopolitical Events Are Particularly Unpredictable

Event	Date	S&P 500 Maximum drawdown	Recovery (days)	1-month performance	1-year performance
Iranian Revolution	Jan 1978	-5.3%	94	-2.4%	13.8%
Iran-Iraq War	Sep 1980	-4.8%	51	1.3%	-8.1%
Gulf War	Aug 1990	-17.0%	189	-9.2%	8.6%
Invasion of Iraq	Mar 2003	-7.3%	76	0.1%	14.0%
Crimea Annexation	Feb 2014	-5.5%	104	2.2%	29.1%
Brexit Referendum	Jun 2016	-3.1%	32	6.0%	19.7%
US-China Trade War	Mar 2018	-7.8%	87	-7.1%	4.4%
Covid-19	Feb 2020	-27.6%	177	-15.8%	11.1%
Invasion of Ukraine	Feb 2022	-4.4%	32	3.0%	-1.8%
Gaza War	Oct 2023	-4.3%	31	1.3%	32.6%
Liberation Day	Apr 2025	-12.9%	40	-3.4%	11.8%
Middle East Conflict	Feb 2026	-6.3%	32	-5.8%	-3.1%
Average		**-8.9%**	**79**	**-2.5%**	**11.0%**

Comments

- Geopolitical events and unpredictability regularly trigger short-term market shocks.
- Once initial events occur, markets tend to react to tangible information rather than to speculative worst-case economic scenarios envisioned at the start of the event.
- While volatility persists, markets historically stabilize as the global economy recalibrates to new realities.

Source: S&P, Bloomberg. Performance based on S&P 500 (CAD) between Dec 1976 and Mar 2026.
Maximum drawdowns measure the maximum loss from the beginning of the event to its lowest point before full recovery.

Weathering Volatility

Impact of Oil Price Shocks on the S&P 500

Event	Date of Peak Oil Price	S&P 500 1-month performance	1-year performance	3-year performance	5-year performance
1st Gulf War	Sep 1990	-4.7%	28.4%	23.8%	20.8%
OPEC Supply Cuts	Nov 2000	-7.4%	-10.0%	-10.6%	-4.7%
2nd Gulf War	Oct 2004	-1.8%	5.5%	4.1%	-2.1%
Commodities Supercycle	Jun 2008	-6.3%	-15.8%	1.5%	7.7%
China Demand Surge	Apr 2011	0.7%	9.1%	19.4%	17.4%
Post Pandemic Surge	May 2022	-1.3%	8.6%	17.7%	TBD

Comments

- Oil price surges are often followed by equity market declines, but the relationship is not always consistent.
- While oil shocks can cause short-term market dislocations, conditions tend to normalize over the long term.
- Markets can experience sharp rebounds after the price of oil peaks.

Source: S&P, Bloomberg. WTI Crude oil prices, Bloomberg.
Performance based on price return S&P 500 (CAD) since Sep 1989.

Weathering Volatility

Focus on long-term investment objectives rather than short-term distractions.

Focus on Fundamentals
Construct diversified portfolios to prioritize long-term strategic objectives.

Expect Drawdowns
Temporary dislocations are an inherent reality of a long-term investment horizon.

Acknowledge Geopolitical Uncertainty
Geopolitical events are particularly unpredictable, but economies and markets possess a high capacity to recalibrate to new economic realities.

Stay the Course
Rely on broad diversification to navigate volatility and resist the impulse to trade on short-term contractions.

5

Thought Leadership

Market Outlook

access code

aon!

Subscribe to the Aon Retirement & Investment Solutions website by clicking the icon.

Thought Leadership Summary

Click the image to read the associated paper

Private Credit —
Navigating the New Frontier

The private credit market has grown rapidly over the past decade, shifting from a niche alternative strategy to a core component of institutional portfolios.

For many institutional investors, private credit has become an important allocation. It can provide relatively stable income, diversification, and resilience during volatility. In this paper, we examine the evolution of private credit, its role within portfolios, and why manager selection is critical.

Reach out to your local consultant for a copy.

The Future of Private Equity —
How Relevant Does It Remain in Portfolio Construction?

Shifting market dynamics are making private equity investing more complex, with tighter return spreads and rising competition. Many investors are reevaluating the asset class's role in their portfolios as fund structures evolve and access broadens.

This paper examines changes in the Private Equity market, provides an outlook on the future of the asset class, and outlines key considerations for investors implementing a Private Equity portfolio.

Currency Hedging —
Use it or Lose it

Amidst the continuing trend of increasing geographical diversification of investment portfolios, the case for currency hedging is not always straightforward.

Currency movements may add substantial uncertainty to returns in globally invested portfolios. Exposures can be protected (hedged) – at a price.

Understanding and managing currency exposures and their potential impact on portfolio returns are important elements to an investment program's success.

A

Appendices

Styles of Equity Fund

SciBeta Multifactor Benchmark

Asset Allocation Views

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Equity Fund Styles

Quality
Pick stocks with high quality, typical characteristics include Profitability, earnings quality & stability, balance sheet strength, etc.

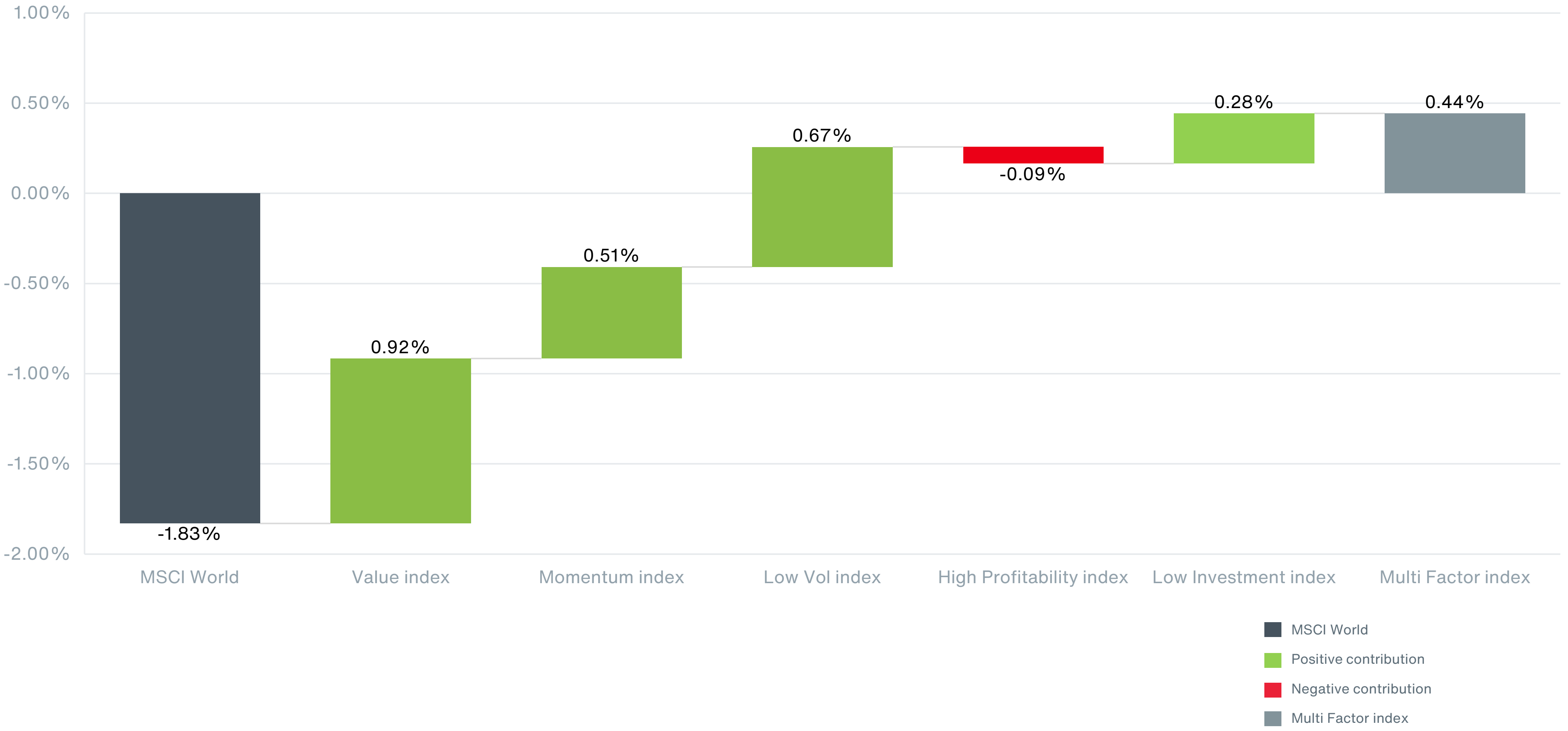
Value
Pick stocks with low valuation, typical characteristics include price to book, price to equity, price to cash flow, etc.

Growth
Pick stocks with high expected/historical growth, typical characteristics include revenue growth, earnings growth, cash flow growth, etc.

Other factors to consider in portfolio construction:
Region – Global, International, U.S., EAFE, Emerging Market
Market Cap – Large/Mid/Small
Sector – Energy, Materials, Industrials, Consumer Discretionary, Consumer Staples, Health Care, Financials, Information Technology, Communication Services, Utilities, Real Estate

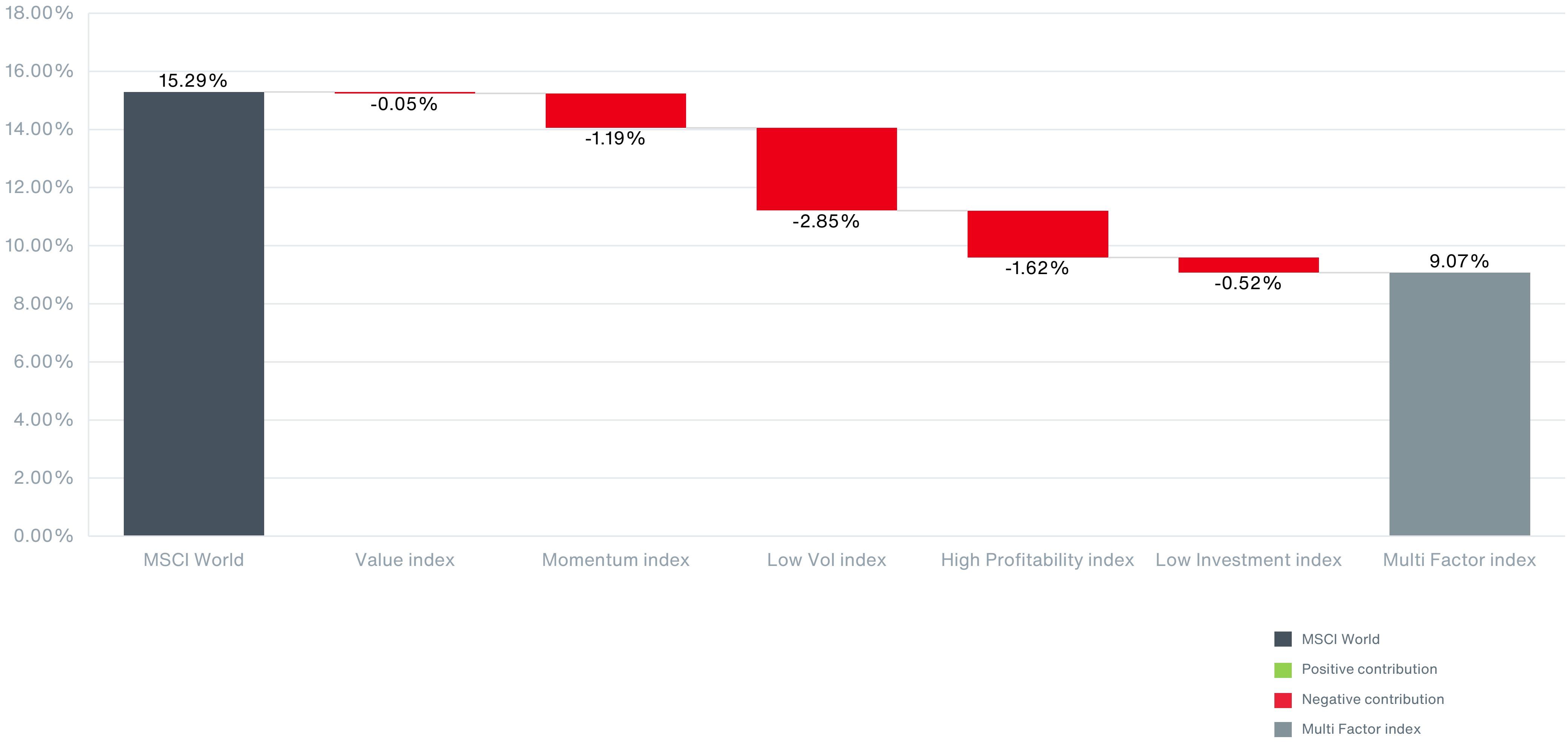
Performance attribution – Scibeta Multi-factor benchmark

1 Quarter/YTD – As of March 31, 2026



Performance attribution – Scibeta Multi-factor benchmark

1 Year – As of March 31, 2026



Performance attribution – Scibeta Multi-factor benchmark

2 Year – As of March 31, 2026

Performance attribution – Scibeta Multi-factor benchmark

3 Year – As of March 31, 2026

Performance attribution – Scibeta Multi-factor benchmark

Since Inception* – As of March 31, 2026

- The since inception date is Jan.06, 2021

Cross Asset Heat Map

---	--	-	=	+	++	+++
		Equities				
			U.S. Treasuries			
			Canada Government			
		IG Credit Excess Return				
			High Quality Securitized Credit			
					Sub IG Securitized Credit	
						Liquid Diversifiers
		HY Corp Excess Return				
					Opportunistic Credit	

Actions

Re-examine equity exposure

The Middle East conflict continues to pose meaningful risks to inflation and to a lesser extent growth. While equities led by the U.S. have rebounded on strong earnings, high valuations create fragility in the event of unexpected shocks.

Prioritize genuine diversifiers

Some investors are overly reliant on equities to drive returns. We think as the investment cycle matures; increased diversification of return sources will become more important. This may involve looking beyond public markets to private assets.

Stay selective in opportunistic credit

AI-driven disruption is creating volatility and wider credit spreads in sectors which are currently perceived to be adversely exposed. Investors should stay selective and use opportunistic credit buckets to deploy capital into mispriced opportunities, capturing attractive returns while aligning portfolios with long-term growth from AI and U.S. economic support.

Barbell credit exposure in fixed income

Sub-IG Securitized credit looks relatively attractive versus other bits of the credit spectrum. However, security selection, and hence manager choice, remains essential. IG corporate credit spreads, while wider than at the last Q1 MTV review, have still not reached attractive levels.

Aon's Asset Class Views

Review Levels for MTVs

We're often asked at what levels we would change our heat-map views. There is no clear-cut answer to this, as market prices can change in response to fundamental changes, and the price of competing assets can change too. Here are some key trigger values where we look to review the current rating.

	Negative	Neutral	Positive
	10 year below 4.0%	**Currently neutral** U.S. 10y 4.33%	
	AAA CLOs below 85 bps	**Currently neutral** AAA CLO 118 bps	AAA CLOs above 140 bps
Sub-IG ABS (CLOs act as proxy)		BB CLOs below 630 bps	**Currently positive** BB CLOs 790 bps
IG Non-Treasury Spreads		U.S. Corporate 95 bps	U.S. Corporate 120 bps
High Yield		Global HY400 bps, U.S./European corporate above 350 bps	Global HY above 450 bps, U.S./European corporate above 400 bps
Leveraged loans		**Currently neutral** Lev Loan DM 489 bps	Discount margin above 550 bps
		S&P 500 below 6600	

Further Explanation

The trigger values are used as a guide to prompt discussion and consider reviewing the current rating, rather than an automatic change in rating.

Cheap/Fair/Expensive levels can change as fundamentals change.

Furthermore, all position changes need to be funded/re-allocated. This means attractive levels for higher-returning assets are dependent on valuations in ILS and Sub-IG securitized credit, for example.

Source: Bloomberg (Gilts, Treasury, U.S. Corporate, Sterling Non-Gilts, Global High Yield, US Corporate High Yield, European Corporate High Yield), J.P. Morgan (CLOs), S&P (UBS Leveraged Loan, S&P 500), as at 23 April 2026.
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