REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Real Assets Update - Infrastructure

Date: March 1, 2026
To: Toronto Investment Board
From: Director, Capital Markets
Wards: All

REASON FOR CONFIDENTIAL INFORMATION

This report involves the security of property belonging to the City or one of its agencies or corporations.

SUMMARY

The purpose of this report is to update the Toronto Investment Board (Board) on the progress to date regarding the search for external investment managers for the Infrastructure portion of the Real Assets category.

At its December 2025 meeting, the Board received a presentation from the investment consultant (Aon) entitled "Investing Infrastructure Education " which outlined the rationale to consider Infrastructure investments. In addition, the Board also requested the investment consultant (Aon), in consultation with the Director, Capital Markets, to proceed with a manager search and evaluation for the infrastructure asset class, within the guidelines of the Council-approved Investment Policy.

The process, analysis, and the list of firms considered are provided in Confidential Attachment 1. These documents are confidential as they contain commercial and financial information supplied by the investment consultant to the Board in confidence, which if disclosed could reasonably be expected to prejudice significantly the competitive position or other negotiations the Board may have in selecting the investment managers.

It is recommended that the Board select a short list of potential investment managers from the listing provided in Confidential Attachment 1. Following this, City staff will proceed with pre-screening, interviews, and evaluation of the selected short list of investment managers and report back to the Board the staff recommendations for the infrastructure category.

RECOMMENDATIONS

The Director, Capital Markets recommends that:

1. The Toronto Investment Board receive the report prepared by the investment consultant (Aon) contained in Confidential Attachment 1 to this report (March 1, 2026) for information.

2. The Toronto Investment Board direct that the confidential information contained in Confidential Attachment 1 to this report (March 1, 2026) remain confidential in its entirety, as it contains information that involves the security of property belonging to the City or one of its agencies or corporations.

3. The Toronto Investment Board request the Director, Capital Markets, in consultation with the investment consultant (Aon), to proceed with a pre-screening, interviews, and evaluation for the selected short list of infrastructure investment managers, and to report back with recommendations at the June 22, 2026 meeting of the Toronto Investment Board.

FINANCIAL IMPACT

There are no financial impacts on the City's operating or capital budgets as a result of this report.

DECISION HISTORY

At its meeting on December 12, 2025, the Toronto Investment Board received a presentation from the investment consultant entitled "Investing Infrastructure Education" which outlined the rationale to consider Infrastructure investments with a North American/Global focus. The Board also requested the investment consultant (Aon), in consultation with the Director, Capital Markets, to proceed with a manager search and evaluation for the infrastructure asset class, within the guidelines of the Council-approved Investment Policy, and to report back with recommendations at the March 23, 2026 meeting of the Toronto Investment Board.
https://secure.toronto.ca/council/agenda-item.do?item=2025.IB14.6

At its meeting on June 29 and 30, 2020, City Council adopted the report EX14.2 "Investment Policy Update" that amended Asset Mix Guidelines (Section 2.4 (b)) and Real Asset Portfolio Constraints (Section 3.2 (b)(iii)) such that references in the Real Assets sub-category to "Canadian Core" and "Global Core" be replaced with "North American/Global Core".
https://secure.toronto.ca/council/agenda-item.do?item=2020.EX14.2

At its meeting on December 4, 2019, the Toronto Investment Board received a memorandum from the investment consultant entitled "Real Assets Roadmap" which outlined the rationale to consider Real Estate and Infrastructure investments in both core and open-ended funds with a North American/Global focus. The Board also adopted a report which recommended the Investment Policy be amended to change the geographical scope of the both Real Estate and Infrastructure sub-categories to North American/Global Core (from Canadian Core and Global Core respectively).
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.IB5.6

At its meeting on June 25, 2018, the Toronto Investment Board received a report entitled "Investing in Infrastructure - Examples for the Toronto Investment Board" (June 11, 2018) from the Acting Executive Director, Corporate Finance, in which the Infrastructure Specialist, Aon included a presentation and several specific examples of actual investments in the infrastructure sector with timelines that might be considered by the Toronto Investment Board. The presentation entitled "Infrastructure Allocation Build-out" was provided in attachment 2 of the report and the specific examples, which were considered confidential, was provided in Confidential Appendix A to Attachment 2 of the report.
https://secure.toronto.ca/council/agenda-item.do?item=2018.IB6.1

At its meeting on May 31, 2018, the Toronto Investment Board received a presentation from the Infrastructure Specialist, Aon entitled "Infrastructure Education and Portfolio Build-Out" that explains Infrastructure as an asset class, such as, various characteristics of the sectors, revenue models, diversification considerations, and various ways to invest (portfolio build-out). The Toronto Investment Board referred the item to the Acting Executive Director, Corporate Finance to work with Aon and report back to the next meeting of the Board with specific examples on investing in the infrastructure sector including timelines.
https://secure.toronto.ca/council/agenda-item.do?item=2018.IB5.3

COMMENTS

As outlined in the Investment Policy and Investment Plan, the overall target for the Real Asset category in the Asset Mix is 10 per cent of both the Long-Term Fund (LTF) and the Sinking Fund (SF). It is comprised of two sub-categories, Real Estate and Infrastructure. The Real Estate portion would be allocated before the Infrastructure portion was allocated. With the Real Estate portion now allocated, the focus has turned to searching for managers in the Infrastructure sub-category.

At this stage, the investment consultant (Aon) has completed an initial search for Infrastructure investment managers using a similar evaluation criteria used in previous searches for fixed income, global equity, and real estate investment managers. The final evaluation criteria included, but are not limited to, these areas:

- Business Profile;
- Investment Staff;
- Investment Process (including ESG factors);

- Investment Risk;
- Operational Due Diligence;
- Performance Analysis; and
- Terms and Conditions (including insurance, taxation, and fees).

A review and analysis was conducted to match the needs identified by the Board in the Investment Plan with the styles and competencies of each investment manager. A list of potential investment managers was developed thereafter and is provided in Confidential Attachment 1 of this report.

Although some of the evaluation criteria is listed above, the methodology which includes several factors, including fee structure, among other items are being supplied to the Board in confidence and are proprietary to the investment consultant. In addition, this information may compromise the City's subsequent negotiations with the selected investment managers.

As a next step, City staff, with Aon as its advisor, will interview a short listed group of investment manager candidates chosen by the Board. Staff will also ensure the requirements of the Council-approved Investment Policy, including the administrative, reporting, and compliance monitoring needs outlined in the Policy, are met by each prospective investment manager.

Once the interviews are completed, the staff will report back to the Board with its recommendations at its next meeting.

CONTACT

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SIGNATURE

Randy LeClair
Director, Capital Markets

ATTACHMENTS

Confidential Attachment 1 - Infrastructure Discussion Presentation (Aon)