REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Investment Manager and Other Updates

Date: May 28, 2026
To: Toronto Investment Board
From: Interim Director, Capital Markets and Treasury
Wards: All

REASON FOR CONFIDENTIAL INFORMATION

The attachment to this report involves the security of property belonging to the City of Toronto and the Toronto Investment Board.

SUMMARY

This report provides the Toronto Investment Board (Board) with updates regarding investment manager related activities, including Real Asset fund expenses, Environmental, Social and Governance (ESG) reporting services, the transition to a new Multifactor Index investment manager and the most recent fund balances and asset mix information.

Confidential Attachments 1 and 2 provide the Total Expense Ratio (TER) fee breakdowns for the CBRE Global Alpha Fund and UBS Global Real Estate Fund, respectively.

Confidential Attachment 3 provides the fee schedule associated with the MSCI ESG Research LLC agreement for ESG reporting and analytics services.

The report also provides an update regarding the transition to the new Multifactor Index investment manager, including ongoing legal and onboarding activities.

In addition, the report includes the current funding status and asset mix for the Long-Term Fund and Sinking Fund as at April 30, 2026 (Attachment 4).

RECOMMENDATIONS

The Interim Director, Capital Markets and Treasury recommends that:

1. The Toronto Investment Board direct that the confidential information contained in Confidential Attachments 1, 2 and 3 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.

FINANCIAL IMPACT

There is no financial impact to the City's operating or capital budgets because of this report.

DECISION HISTORY

At its meeting on March 23, 2026, the Toronto Investment Board received the report (March 1, 2026) from the Director, Capital Markets, Office of the Chief Financial Officer and Treasurer for information that also contained a Confidential Attachment regarding the CBRE Global Alpha Fund.
https://secure.toronto.ca/council/agenda-item.do?item=2026.IB15.7

At its meeting on December 12, 2025, the Toronto Investment Board received the report (November 27, 2025) from the Director, Capital Markets, Office of the Chief Financial Officer and Treasurer for information that also contained a Confidential Attachment regarding the proposed documentation changes to the CBRE Global Alpha Fund.
https://secure.toronto.ca/council/agenda-item.do?item=2025.IB14.5

At its meeting on September 26, 2025, the Toronto Investment Board received the report (September 7, 2025) from the Director, Capital Markets, Office of the Chief Financial Officer and Treasurer for information.
https://secure.toronto.ca/council/agenda-item.do?item=2025.IB12.3

At its meeting on June 24, 2025, the Toronto Investment Board received the report (June 4, 2025) from the Director, Capital Markets, Office of the Chief Financial Officer and Treasurer for information.
https://secure.toronto.ca/council/agenda-item.do?item=2025.IB11.6

At its meeting on March 17, 2025, the Toronto Investment Board received the report (February 27, 2025) from the Director, Capital Markets, Office of the Chief Financial Officer and Treasurer for information.
https://secure.toronto.ca/council/agenda-item.do?item=2025.IB10.4

At its meeting on December 12, 2024, the Toronto Investment Board received the report (November 25, 2024) with Confidential Attachment with details on the CBRE Global

Alpha Fund from the Director, Capital Markets, Office of the Chief Financial Officer and Treasurer for information.
https://secure.toronto.ca/council/agenda-item.do?item=2024.IB9.5

At its meeting on September 26, 2024, the Toronto Investment Board received the report (September 8, 2024) from the Director, Capital Markets, Office of the Chief Financial Officer and Treasurer for information.
https://secure.toronto.ca/council/agenda-item.do?item=2024.IB8.5

At its meeting on June 20, 2024, the Toronto Investment Board authorized, after review by the external legal counsel and tax advisor, the Chair, or the Vice Chair of the Investment Board to execute the necessary documentation for the Fiera Capital Common Contractual Fund on behalf of the Investment Board.
https://secure.toronto.ca/council/agenda-item.do?item=2024.IB7.4

At its meeting on April 3, 2024, the Toronto Investment Board received the report (March 19, 2024) from the Director, Capital Markets, Office of the Chief Financial Officer and Treasurer for information.
https://secure.toronto.ca/council/agenda-item.do?item=2024.IB6.3

At its meeting on December 11, 2023, the Toronto Investment Board received the report (November 23, 2023) from the Director, Capital Markets, Office of the Chief Financial Officer and Treasurer for information.
https://secure.toronto.ca/council/agenda-item.do?item=2023.IB5.3

COMMENTS

Total Expense Ratio (TER) for Real Asset Fund Holding

At the March 23, 2026, Toronto Investment Board meeting, a report titled Investment Manager Fees Update was presented. During the discussion, a Board member requested a breakdown of the Total Expense Ratio (TER) for the CBRE Global Alpha Fund and the UBS Global Real Estate Fund.

The detailed TER fee breakdowns for these funds are provided in Confidential Attachments 1 and 2, respectively.

ESG Reporting and Analytics Services Agreement

At its meeting held on December 12, 2025, the Toronto Investment Board authorized the Director, Capital Markets, to negotiate a contract to retain the services of MSCI Inc. and MSCI ESG Research LLC to provide quarterly reporting and metrics for the purpose of assessing Environmental, Social, and Governance (ESG) performance in relation to the Board’s investments. The Board also authorized the Chair or Vice-Chair of the Toronto Investment Board to execute the agreement on behalf of the Board.

Confidential Attachment 3 provides the fee schedule associated with the MSCI ESG Research LLC contract, including the estimated annual fees for Index Services and ESG Services over the term of the agreement.

Multifactor Index Investment Manager Transition Update

At its meeting held on March 23, 2026, the Toronto Investment Board adopted recommendations related to the appointment of a new Multifactor Index investment manager and authorized the Director, Treasury Office, to undertake the necessary actions required to implement the mandate transition.

Staff have since engaged external legal counsel to review the proposed investment management agreement and related contractual documentation associated with the new investment manager. Staff continue to work collaboratively with the investment manager, legal counsel, the City's custodian, and other relevant service providers to support the onboarding and transition process.

Current Asset Mix

The current funding status of the Long-Term Fund (LTF) and Sinking Fund (SF) as at April 30, 2026, is shown in Attachment 4. This attachment outlines the market value and current allocation by asset category and investment manager for each portfolio. The attachment also includes the available cash balances for each portfolio. All asset class weights remain within the limits established under the Council-approved Investment Policy.

CONTACT

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SIGNATURE

Flaminio Carelli
Interim Director, Capital Markets and Treasury

ATTACHMENTS

Confidential Attachment 1 - CBRE - TER as of December 2025
Confidential Attachment 2 - UBS - TER as of March 2025
Confidential Attachment 3 - Estimated Fee Schedule for MSCI ESG Reporting Services
Attachment 4 - Current Funding Status of the LTF and the SF (April 30, 2026)