REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Real Assets Update - Infrastructure Investment Manager Recommendation

Date: August 24, 2026
To: Toronto Investment Board
From: Director, Capital Markets and Treasury
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 provide the Toronto Investment Board (Board) with the results of the infrastructure investment manager evaluation process and the recommended investment manager allocation developed by City staff in collaboration with the City's investment consultant, Aon Solutions Canada Inc. (Aon), for the Infrastructure sub-category of the Real Assets allocation.
At its June 22, 2026 meeting, the Board considered the results of Aon's review of the open-ended infrastructure manager universe and selected a shortlist of investment managers for further evaluation. The Board requested that the Director, Capital Markets and Treasury, in consultation with Aon, proceed with pre-screening, interviews and evaluation of the selected managers and report back with recommendations at the September 25, 2026 meeting.

Following the Board's direction, City staff and Aon completed the evaluation process. Finalist interviews were conducted on August 10 and 11, 2026 with five infrastructure investment managers. The managers were assessed across their relative strength in a range of criteria, including organizational strength, investment team, investment process and strategy, responsible investment practices, liquidity framework, track record and performance, and fees and investment terms. Based on the results of the evaluation, two managers are being recommended as providing the strongest overall strategic fit with the City's funds long-term investment objectives.

RECOMMENDATIONS

The Director, Capital Markets and Treasury recommends that:

1. The Toronto Investment Board approve the infrastructure investment manager allocation set out in Confidential Attachment 1.

2. The Toronto Investment Board authorize the Chief Financial Officer and Treasurer, in consultation with the City Solicitor, to negotiate agreements with the firms selected as investment managers, on terms satisfactory to the City Solicitor and the Chief Financial Officer and Treasurer, and authorize the Chair or Vice Chair of the Toronto Investment Board to execute such agreements on behalf of the Toronto Investment Board.

3. The Toronto Investment Board authorize the public release of the names of the successful firms upon finalization of agreements with the investment managers identified in Confidential Attachment 1.

4. The Toronto Investment Board direct that the confidential information contained in Confidential Attachment 1 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 are no additional financial impacts on the City's operating or capital budgets resulting from the adoption of the recommendations in this report. Funding for investment consulting services and investment management fees are available within the Toronto Investment Board's approved budget.

DECISION HISTORY

At its meeting on June 22, 2026, the Toronto Investment Board considered the "Real Assets Update – Infrastructure" report. The Board selected a shortlist of infrastructure investment managers and requested that the Director, Capital Markets and Treasury, in consultation with Aon, proceed with pre-screening, interviews and evaluation of the selected managers and report back with recommendations at the September 25, 2026 meeting.
https://secure.toronto.ca/council/agenda-item.do?item=2026.IB16.6

At its meeting on March 23, 2026, the Toronto Investment Board considered Item IB15.11, "Infrastructure Discussion Presentation," and deferred the item to its June 22, 2026 meeting. The Board directed Aon, in consultation with the Director, Capital Markets, to provide additional analysis, including a review of open-ended infrastructure managers, a comparative assessment of key investment characteristics, a recommended shortlist of managers for consideration, and educational materials on open-ended and closed-ended investment structures.
https://secure.toronto.ca/council/agenda-item.do?item=2026.IB15.11

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 maximum and target allocations to Real Assets are 15 per cent and 10 per cent, respectively, of both the Long-Term Fund (LTF) and the Sinking Fund (SF). Real Assets is comprised of two sub-categories, Real Estate and Infrastructure. With the Real Estate allocation in place, the focus has turned to selecting investment managers for the Infrastructure sub-category.

Following the Board's direction at its June 22, 2026 meeting, City staff and Aon proceeded with the evaluation of the five shortlisted infrastructure investment managers. Finalist interviews were conducted on August 10 and 11, 2026.

The evaluation considered both quantitative and qualitative factors. The managers were assessed across the following areas:

- organizational strength;
- investment team;
- investment process and strategy;
- responsible investment practices;
- track record and performance; and
- fees and investment terms.

These criteria are consistent with the evaluation framework used in the earlier stages of the infrastructure manager search and with the approach used in previous searches for fixed income, global equity and real estate investment managers. Earlier stages of the evaluation process also included operational due diligence, investment risk assessment, performance analysis, and a review of terms and conditions.

The assessment considered the characteristics of each manager's investment strategy and the extent to which it would support the objectives of the City's Infrastructure allocation. City staff and Aon also evaluated the diversification benefits associated with each manager and their respective investment approaches.
Based on the results of the evaluation process, Aon, in collaboration with City staff, developed final recommendations for the Infrastructure allocation. The detailed evaluation results, recommended investment managers, proposed allocations, and supporting rationale are set out in Confidential Attachment 1.
Subject to Board approval, staff will proceed with the necessary due diligence and documentation to implement the approved infrastructure investment manager allocation, including the negotiation and execution of agreements in accordance with the authorities set out in the recommendations of this report.

CONTACT

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SIGNATURE

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Director, Capital Markets and Treasury

ATTACHMENTS

Confidential Attachment 1 - Aon - TIB – Finalist Interview Results and Recommendations