ATTACHMENT 1

Toronto Investment Board
Investment Plan – Long Term and Sinking Fund Assets

September 25, 2026

APPROVED on this day of , 2026

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on behalf of Toronto Investment Board

Contents

Section 1 — Governance

1.01 Purpose

The purpose of this document is to guide the implementation of the Plan from its current asset mix to its target asset mix (Section 2.03 – Recommended Asset Mix). This document will also outline the transition from the current to target asset mix and will then be used to guide the invested assets.

1.02 Limitations

As set by the Council-approved Statement of Investment Policies and Procedures for the City of Toronto Investment funds dated June 26, 2024.

1.03 Legal Authority

Ontario Regulation 360/15 under the City of Toronto Act, 2006.

1.04 Review

The Board will review and update the Investment Plan at least annually.

1.05 Roles and Responsibilities

Toronto Investment Board – Lead Decision Maker
Chief Financial Officer or Capital Markets and Treasury Staff – Administer the Plan
RBC Investment and Treasury Services – Custodian of assets
Aon Solutions Canada Inc. – Consultant to the Toronto Investment Board

1.06 Portfolio Overview

a. Long Term Fund

The Long Term Fund will be used to meet the longer-term liabilities of Reserves and Reserve Funds, and other surplus funds not immediately required. The investment horizon will be in line with the nature of the underlying liabilities, currently ten years (approximately).

The Short Term Fund of the Long Term Fund (LTF-STF) is the liquidity Sleeve for fund transition purposes either for transfer to the City's Short Term Fund or for long term investments. The LTF-STF is invested in accordance with the investment guidelines applicable to the Short Term Fund.

b. Sinking Fund

The Sinking Fund allows for the orderly repayment of debt issued by the City. The Sinking Fund is comprised of several sub-funds, which have a different required rate of return. As debt is issued by the City, each specific issue is assigned to a sub-fund. The City will then make annual contributions to this sub-fund, based on the expected return.

Section 2 — Investments

2.01 Investment Principles

The City's overall investment objectives as being the following, in order of importance:

- Safety of principal
- Adequate liquidity
- Sufficient diversification
- Capital appreciation

2.02 Return Objectives

Each of the portfolios is expected to achieve a gross return at least equal to the defined asset mix and respective composite benchmark (Section 2.03 – Asset Mix) measured over a moving four-year period.

2.03 Recommended Asset Mix

Long Term Fund and Sinking Fund Asset Mix

Assets	Minimum %	Maximum %	Target Mix %	Benchmark Index
Global ACWI Equity	0.0	30.0	20.0	MSCI ACWI (CAD)
Total Equity	**0.0**	**30.0**	**20.0**	MSCI ACWI (CAD)
Canadian Bonds	0.0	100.0	70.0	Custom[i]
Total Fixed Income	**50.0**	**100.0**	**70.0**	**FTSE Canada Universe Bond Index**
Real Estate[ii]	0.0	10.0	5.0	
Infrastructure	0.0	5.0	5.0 [viii]	
Total Real Assets	**0.0**	**15.0**	**10.0**	**Canadian CPI + 5%**
Cash[iii]	**0.0**	**5.0**	**0.0**	**FTSE Canada 91-Day T-Bill Index**

Long-Term Fund-Short Term Fund

Assets designated to the LTF-STF are invested in accordance with the investment guidelines applicable to the Short Term Fund.

For purposes of implementing and monitoring the Long Term Fund strategic asset mix, LTF-STF is excluded from the calculation of the Long Term Fund asset mix. The strategic asset mix set out above will apply to the remaining Long Term Fund assets available for long-term investment.

2.04 Rebalancing Asset Mix

The asset mix will be monitored on a quarterly basis. Portfolios will be rebalanced to as close to the target portfolio as is reasonably possible when any one asset class exceeds the minimum or maximum defined range(s). All attempts will be made to manage the asset mix of the portfolio using cash flows. Otherwise rebalancing will be done through open market activity. The Board acknowledges varying market liquidity and expects transactions to be completed as soon as reasonably viable given the plan objective outlined above.

For purposes of monitoring and rebalancing the Long Term Fund asset mix, assets designated to the Long-Term Fund- Short Term Fundwill be excluded from the asset mix calculation.

2.05 Flows of Funds for Liquidity Purposes

Given that the Global Equities Strategy and Manager Study is underway and the Board continues to implement its real assets program, it is preferable to avoid unnecessary portfolio rebalancing in the near term. A more comprehensive rebalancing can be considered once the results of the ongoing studies are available and the Board has made related decisions.

The initial funding approach is to utilize the proceeds from the redemption of the existing Multifactor Equity Strategy mandate, currently estimated at approximately $830 million based on market value, together with approximately $220 million of Long-Term Fund (LTF) cash currently held within the LTF-STF and earmarked for infrastructure investments. The redemption of the Multifactor Equity Strategy mandate is expected to settle on October 23, 2026, with the proceeds, net of any required holdback, available to support the City's anticipated liquidity requirements in advance of mid-November 2026. Together, the redemption proceeds and infrastructure-designated cash are expected to provide approximately $1.0 billion of initial funding capacity.

Based on City staff's current cash flow forecasts, approximately $0.5 billion may be required by mid-November 2026 and a further $0.7 billion by December 2026, for total estimated liquidity requirements of more than $1.2 billion. In addition, the estimated $830 million in redemption proceeds is based on current market values and may be lower (or higher) at the time of redemption depending on market conditions.

City staff indicates that the City's syndicate of dealers has advised that the planned promissory note program, which will be considered by City Council in November 2026 and, if approved, is expected to launch in January 2027 or earlier, should be introduced progressively rather than through an initial issuance of $500 million. As a new issuer in the promissory note market, investors may require time to complete internal credit approvals and establish investment limits. At the same time, liquidity requirements are expected to continue into January due to the seasonal timing of property tax and other revenues. To support anticipated liquidity requirements during the ramp-up period of the promissory note program and to avoid necessitating unplanned sales of long-term investments, the implementation plan includes making an additional $500 million available within the LTF-STF by the end of November 2026.

Based on the asset mix as of August 29, 2026, the additional $500 million is planned to be funded through equal redemptions from the Fund's two fixed income managers. This approach is expected to minimize disruption to the broader investment strategy while maintaining the Board's target asset allocation framework. The resulting pro forma asset mix is shown in the table below.

Long Term Fund Asset Mix – Pro Forma				
	Investment Policy			
Asset Class	**Target Asset Mix**	**Minimum**	**Maximum**	**Pro Forma**
Total Equity	**20%**	**-**	**30%**	**15.8%**
Total Bonds	**70%**	**50%**	**100%**	**76.5%**
Real Assets				
Real Estate (Canadian Core)	10%	-	10%	6.8%
Infrastructure (Global Core)	-	-	5%	-
Total Real Assets	**10%**	**-**	**15%**	**6.8%**
Cash held by Managers			***5%***	***1.0%***
Investment Managers' AUM				
TIB LTF cash (Unallocated)				**0.0%**
Total LTF (excl LTF-STF)				**100.0%**

The funding approach described above provides approximately $1.5 billion of the planned $2.0 billion liquidity capacity. The exact timing and amount of transfers from the LTF-STF to the City's Short-Term Fund will be determined by the Chief Financial Officer and Treasurer based on the City's evolving liquidity requirements. Any additional funding required to support the remaining liquidity capacity will be determined based on updated cash flow forecasts, market conditions, and the implementation of the City's financing program. The Chief Financial Officer and Treasurer will provide quarterly updates to the Board regarding liquidity requirements, utilization of the Short-Term Fund, and implementation progress.

During the implementation period, which is expected to span approximately two years, actual asset mix exposures may temporarily deviate from the strategic target allocations set out in the Investment Plan as portfolio transitions are executed. Asset mix exposures will continue to be monitored and managed within the requirements and permissible ranges established under the Investment Policy.

2.06 Investment Management Structure

The investment management structure below provides an outline following implementation of the Recommended Asset Mix described in Section 2.03.

Asset Class	Long Term Fund	Sinking Fund
Global ACWI Equity	Legal & General Investment Management (LGIM)[iv] C. Worldwide Asset Management Harris Associates L.P. Fiera Capital Corporation[v]	
Fixed Income	Connor, Clark & Lunn Investment Management Ltd. Leith Wheeler Investment Council Ltd.	Addenda Capital Fiera Capital Corporation
Real Assets	UBS Asset Management[vi] CBRE Investment Management[vii]	

2.07 Active and Passive Investment Management

The Investment Board believes that active management provides the best opportunity to meet the objectives of each of the plan while also protecting capital. The Investment Board; however, will consider both active and passive management options in the implementation of the Recommended Asset Mix (Section 2.03). The Investment Board would prefer that any active management strategies considered be ‘fee efficient.’

2.08 Environmental, Social and Governance Factors

The Investment Board should incorporate ESG factors into its investment decision-making through its due diligence processes when choosing Investment Managers. As such, when a prospective investment manager is assessed, or an existing Investment Manager is reviewed, the Investment Board will consider the Investment Manager’s ESG policies. The approach to ESG integration in the investment process will; however, vary both between and within asset classes based upon a number of factors, including the degree of control exercised by the Investment Board, contractual restrictions and the nature of the investment.

Appendix A — Transition Plan

The purpose of the transition plan is to outline how the assets of the Long Term and Sinking Fund will move from its current asset mix to the asset mix set out in Section 2.03 – Recommended Asset Mix.

Effective May 1, 2019, 100% of the allocated assets were transferred to each of the fixed income managers. The fixed income managers have been given a transition period of two months (ending June 30, 2019), at which time they can request an extension (due to market circumstances) or officially begin the mandate and benchmarked against their respective indices. During the transition period, as a primary benchmark, each manager has agreed to measure performance against the FTSE Canada Universe Bond Index; however, recognize a tolerance range of +/- 2.0%. As a secondary benchmark each manager will provide a transition cost analysis benchmarked against the cost of trading under normal conditions.

Effective November 1, 2019, approximately 33.3% of the target equity portfolio was allocated to two of the four global equity managers.

Effective February 12, 2020, approximately 16.7% of the target equity portfolio was allocated to the third global equity manager.

Effective December 14, 2020, the remainder of the target equity portfolio for the Long Term Fund was allocated to the LGIM multi-factor global equity mandate. As well, the remainder of the target equity portfolio allocation for the Sinking Fund was allocated to the LGIM multi-factor global equity mandate effective January 6, 2021.

Effective August 1, 2024, 2.5% of the total asset mix belonging to the real assets category was allocated to UBS Global Real Estate Fund. Allocation of the remaining 2.5% to the CBRE Global Alpha Fund has been committed and is pending capital call.

Approximately 5% of total asset mix, belonging to real assets category, is currently unfunded. Real assets will be funded following approval of real asset managers and as bonds mature and/or cash flows come in.

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i As it relates to the Long Term Fund, the benchmark will be 100% FTSE Canada Universe Bond Index. As it relates to the Sinking Fund, the benchmark will be a custom LDI benchmark calculated on an ongoing basis by the investment managers based on the underlying liabilities of the individual funds

ii The two underlying Real Estate Managers are UBS Asset Management and CBRE Investment Management. UBS Global Real Estate Fund Selection (GREFS) has a target net annual return of 5-7% in EUR over a full market cycle, which the manager views as 5-7 years. CBRE Global Alpha Fund has an investment objective to achieve a nominal total return over a rolling 3 year period of between 9-11% in local currency per annum net of all fees and expenses.

iii The Cash maximum applies to cash held within the Long Term Fund's strategic investment portfolio and does not apply to assets designated to the Long-Term Fund Liquidity Sleeve. Excess cash not designated to the Liquidity Sleeve shall be held in the Short Term Fund, not covered by this Investment Plan, until such time that the Investment Board has determined an appropriate allocation for these funds.

iv The LGIM fund is benchmarked against the MSCI World Index as this strategy is comprised of developed market equities only. The LGIM fund is passively managed and benchmarked against the Sci Beta Developed Four Factor Index. The Long Term and Sinking Fund global equity composite, as an aggregate, is benchmarked against the MSCI ACWI.

v Fiera global equity fund is benchmarked against the MSCI World Index as the strategy is comprised of developed market equities only. The Long Term and Sinking Fund global equity composite, as an aggregate, is benchmarked against the MSCI ACWI

vi UBS Global Real Estate Fund Selection (GREFS) has a target net annual return of 5-7% in EUR over a full market cycle, which the manager views as 5-7 years

vii CBRE Global Alpha Fund has an investment objective to achieve a nominal total return over a rolling 3 year period of between 9-11% in local currency per annum net of all fees and expenses

viii The Policy target is 10% Real Easte and 0% Infrastructure. The Investment Plan target is still within the policy limit. Policy target will be updated on the next Policy update for Council consideration.