REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Direct Investment Request: Purchase of Additional Private Credit Fund Units (DI.2026.J)

Date: June 26, 2026
To: Board of Directors of the Toronto Atmospheric Fund
From: Vice President, Impact Investing

REASON FOR CONFIDENTIAL INFORMATION

The attachment to this report contains commercial and financial information, supplied in confidence to the Toronto Atmospheric Fund which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

SUMMARY

The Direct Investment Committee (DC) recommends an additional investment of up to $0.5 million into a private credit fund that is already part of TAF's portfolio. The fund provides financing to high-growth, sustainability-focused companies across clean energy, agriculture, and health sectors, and performance to date has been in line with expectations. The proposed commitment is consistent with TAF's investment policy and target portfolio allocation.

RECOMMENDATIONS

The Vice President, Impact Investing recommends that the Board of Directors of the Toronto Atmospheric Fund:

1. Approve an additional CAD $0.5 million commitment increasing TAF's total commitment to CAD $1.0 million, through the purchase of additional Class A Units, being the same class of units as TAF's existing investment, subject to:
   i) Completion of any required documentation to effect TAF's additional commitment under the existing fund documents, on terms satisfactory to the Vice President, Impact Investing; and
   ii) Satisfactory review by TAF's legal counsel of any such documentation, as determined by the Vice President, Impact Investing and the Chief Executive Officer.

2. Direct that the confidential information contained in Confidential Attachment 1 remain confidential in its entirety, as it contains commercial and financial

information supplied in confidence to the Toronto Atmospheric Fund, which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

FINANCIAL IMPACT

There is no financial impact to the City of Toronto resulting from the adoption of the recommendations in this report.

DECISION HISTORY

At its meeting on June 16, 2026, the DC recommended that TAF's Board of Directors approve DI.2026.J with the additional commitment as described in Confidential Attachment 1. This recommendation seeks approval to purchase additional units of the same class in the same private credit fund, increasing TAF's total commitment to CAD $1.0 million.

At its meeting on November 21, 2024, the Board approved an investment of up to $500,000 in Class A limited partnership units into the Fund.
https://secure.toronto.ca/council/agenda-item.do?item=2024.TA8.18

COMMENTS

Investment Profile
The proposed commitment would be made into an existing fund within TAF's portfolio. It represents less than 1% of TAF's total NAV and 4.94% of TAF's alternative investment allocation. The investment remains aligned with TAF's objective of diversifying the portfolio through private credit exposure that provides regular cash flow from interest income, while supporting climate-aligned lending activity.

Due Diligence
Due diligence focused on the Fund's performance since TAF's initial commitment, including fundraising, deployment, portfolio credit quality, climate alignment, and risk management. Staff also assessed the fit with TAF's portfolio construction objectives and target asset allocation. The investment continues to provide income-oriented private credit exposure consistent with TAF's investment policy and diversification objective.

Deal Terms
The additional commitment would be made under the existing fund structure through the purchase of additional units, on terms consistent with the original limited partnership agreement to which TAF is already a party. The manager's fee structure remains unchanged from TAF's original investment and continues to be consistent with market fee structures.

CONTACT

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SIGNATURE

Kristian Knibutat
Vice President, Impact Investing

ATTACHMENTS

Confidential Attachment #1 - Direct Investment Request: Purchase of Additional Private Credit Fund Units (DI.2026.J)