



**City of Hamilton**  
**HMRF-HWRF PENSIONADMINISTRATION**  
**SUB-COMMITTEE REVISED**

**Meeting #:** 23-002  
**Date:** November 20, 2023  
**Time:** 9:30 a.m.  
**Location:** Room 192, 1st Floor (hybrid) (RM)  
71 Main Street West

Tamara Bates, Legislative Coordinator (905) 546-2424 ext. 4102

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	<b>Pages</b>
<b>1. CEREMONIAL ACTIVITIES</b>	
<b>2. APPROVAL OF AGENDA</b> (Added Items, if applicable, will be noted with *)	
<b>3. DECLARATIONS OF INTEREST</b>	
<b>4. APPROVAL OF MINUTES OF PREVIOUS MEETING</b>	
4.1 March 30, 2023	3
<b>5. COMMUNICATIONS</b>	
5.1 Harvey Hicks, respecting Resignation from the HMRF-HWRF Pension Administration Committee	9
Recommendation: To be received	
<b>6. DELEGATION REQUESTS</b>	
<b>7. DELEGATIONS</b>	
<b>8. STAFF PRESENTATIONS</b>	
<b>9. CONSENT ITEMS</b>	

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| 9.1        | Hamilton Municipal Retirement Fund (HMRF) Hamilton Wentworth Retirement Fund (HWRF) Wind-Up (FCS23006(a)) (City Wide) (Outstanding Business List Item) | 11 |
| 9.2        | Master Trust Pension Investment Performance Report as at June 30, 2023 (FCS23094) (City Wide)  | 13 |
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| <b>10.</b> | <b>DISCUSSION ITEMS</b>  |    |
| *10.1      | Master Trust Pension Statement of Investment Policies and Procedures (FCS23098) (City Wide)  | 83 |
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| <b>11.</b> | <b>MOTIONS</b>   |    |
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| <b>12.</b> | <b>NOTICES OF MOTION</b>   |    |
| <br>       |  |    |
| <b>13.</b> | <b>GENERAL INFORMATION / OTHER BUSINESS</b>  |    |
| 13.1       | Amendments to the Outstanding Business List  |    |
| 13.1.a     | Items Considered Completed and to be Removed   |    |
| 13.1.a.a   | Hamilton Municipal Retirement Fund (HMRF), Hamilton Wentworth Retirement Fund (HWRF) Plan Wind-Up  |    |
|            | Added: March 30, 2023, HMRF-HWRF Pension Administration Committee Report 23-001, Item 6 Addressed as Item 9.1 on today's agenda                        |    |
| <br>       |  |    |
| <b>14.</b> | <b>PRIVATE AND CONFIDENTIAL</b>  |    |
| <br>       |  |    |
| <b>15.</b> | <b>ADJOURNMENT</b>   |    |



# Hamilton

## HMRF/HWRF PENSION ADMINISTRATION SUB-COMMITTEE

### MINUTES 23-001

9:30 a.m.

Thursday, March 30, 2023

Room 264, 2<sup>nd</sup> Floor

Hamilton City Hall

71 Main Street West

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**Present:** Councillors C. Cassar (Chair) and A. Wilson  
HMRF Members: D. Skarratt (Co-Vice-Chair) and D. Alford  
HWRF Members: R. Slack (Co-Vice-Chair)

**Regrets:** HWRF Members: H. Hicks and J. Garchinski

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### THE FOLLOWING ITEMS WERE REFERRED TO THE AUDIT, FINANCE AND ADMINISTRATION COMMITTEE FOR CONSIDERATION:

#### 1. Appointment of Chair and Co-Vice-Chairs (Item 1)

**(A. Wilson/Skarratt)**

- (a) That Councillor Craig Cassar be appointed Chair of the HMRF-HWRF Pension Administration Sub-Committee for 2022-2026.

**CARRIED**

**(Alford/A. Wilson)**

- (b) That Don Skarratt (HMRF) be appointed Co-Vice-Chair of the HMRF-HWRF Pension Administration Sub-Committee.

**CARRIED**

**(Alford/A. Wilson)**

- (c) That Robert Slack (HWRF) be appointed Co-Vice-Chair of the HMRF-HWRF Pension Administration Sub-Committee.

**CARRIED**

**2. Hamilton Municipal Retirement Fund (HMRP) Valuation at December 31, 2021 (FCS23003) (City Wide) (Item 8.1)****(A. Wilson/Slack)**

That Report FCS23003, respecting Hamilton Municipal Retirement Fund (HMRP) Valuation at December 31, 2021, be received.

**CARRIED****3. Hamilton Wentworth Retirement Fund (HWRF) Valuation at December 31, 2021 (FCS23005) (City Wide) (Item 8.2)****(Slack/A. Wilson)**

That Report FCS23004, respecting Hamilton Wentworth Retirement Fund (HWRF) Valuation at December 31, 2021, be received.

**CARRIED****4. Consent Items (Item 9)****(A. Wilson/Alford)**

That the following Consent Items, be received:

- (a) 2021 Hamilton Municipal Retirement Fund Financial Statements (FCS23002) (City Wide) (Item 9.1)
- (b) 2021 Hamilton Wentworth Retirement Fund Financial Statements (FCS23004) (City Wide) (Item 9.2)
- (c) Master Trust Pension Investment Performance Report as at December 31, 2021 (FCS21091(a)) (City Wide) (Item 9.3)
- (d) Master Trust Pension Investment Performance Report as at June 30, 2022 (FCS23044) (City Wide) (Item 9.4)
- (e) Master Trust Pension Investment Performance Report as at December 31, 2022 (FCS23044(a)) (City Wide) (Added Item 9.5)

**CARRIED****5. 2022 Master Trust Pension Statement of Investment Policies and Procedures (FCS23009) (City Wide) (Item 10.1)****(A. Wilson/Skarratt)**

- (a) That Appendix "A" to Report FCS23009, respecting the 2022 City of Hamilton Defined Benefit Pension Plans Master Trust Statement of Investment Policies and Procedures, be approved and replace the previous 2021 City of Hamilton Defined Benefit Pension Plans Master

Trust Statement of Investment Policies and Procedures contained in Report FCS21095 and approved by Council on December 15, 2021;

- (b) That Appendix "A" to Report FCS23009, respecting the 2022 City of Hamilton Defined Benefit Pension Plans Master Trust Statement of Investment Policies and Procedures, be forwarded to the Hamilton Street Railway Pension Advisory Committee for their information.

**CARRIED**

**6. Hamilton Municipal Retirement Fund (HMRP), Hamilton Wentworth Retirement Fund (HWRF) Plan Wind-Up (FCS23006) (City Wide) (Item 10.2)**

**(A. Wilson/Alford)**

- (a) That the General Manager, Finance and Corporate Services Department, or their designate, be authorized to explore the option of winding up the Hamilton Municipal Retirement Fund (HMRP) and Hamilton Wentworth Retirement Fund (HWRF) pension plans, including performing a survivor audit and mortality study and any other studies necessary; and,
- (b) That staff report back to the HMRP/HWRF Pension Administration Committee on pricing estimates to purchase annuities from an insurance company that will provide HMRP and HWRF plan members with the same level of benefit that is currently being provided under their respective pension plans.

**CARRIED**

**FOR INFORMATION:**

**(a) APPROVAL OF AGENDA (Item 2)**

The Committee Clerk advised of the following change to the agenda:

**5. COMMUNICATIONS (Item 5)**

- 5.1 Jim Garchinski, respecting Resignation from HMRP-HWRF Pension Administration Committee

Recommendation: Be received and referred to staff for appropriate action.

**9. CONSENT ITEMS (Item 9)**

- 9.5 Master Trust Pension Investment Performance Report as at December 31, 2022 (FCS23044(a)) (City Wide)

**(A. Wilson/Skarratt)**

That the agenda for the March 30, 2023 meeting of the HMRF/HWRF Pension Administration Sub-committee be approved, as amended.

**CARRIED****(b) DECLARATIONS OF INTEREST (Item 3)**

There were no declarations of interest.

**(c) APPROVAL OF MINUTES OF PREVIOUS MEETING (Item 4)****(i) December 1, 2021 (Item 4.1)****(A. Wilson/Alford)**

That consideration of the December 1, 2021 Minutes of the HMRF-HWRF Pension Administration Sub-Committee, be deferred until after consideration of Item 8.2.

**CARRIED**

For further disposition of this matter, refer to Item (f)(i).

**(d) COMMUNICATIONS (Item 5)****(A. Wilson/Skarratt)**

- (i) Jim Garchinski, respecting Resignation from HMRF-HWRF Pension Administration Committee

That the resignation from Jim Garchinski be received and referred to staff for appropriate action.

**CARRIED****(d) PRESENTATIONS / STAFF PRESENTATIONS (Item 8)****(i) Hamilton Municipal Retirement Fund (HMRF) Valuation at December 31, 2021 (FCS23003) (City Wide) (Item 8.1)**

Bill Liu, Willis Towers Watson, addressed Committee respecting Hamilton Municipal Retirement Fund (HMRF) Valuation at December 31, 2021, with the aid of a presentation.

**(A. Wilson/Skarratt)**

That the presentation from Bill Liu, Willis Towers Watson, respecting Hamilton Municipal Retirement Fund (HMRF) Valuation at December 31, 2021, be received.

**CARRIED**

**(ii) Hamilton Wentworth Retirement Fund (HWRF) Valuation at December 31, 2021 (FCS23005) (City Wide) (Item 8.2)**

Mark Pearson, AON, addressed Committee respecting Hamilton Wentworth Retirement Fund (HMRF) Valuation at December 31, 2021, with the aid of a presentation.

**(A. Wilson/Skarratt)**

That the presentation from Mark Pearson, AON, respecting Hamilton Wentworth Retirement Fund (HMRF) Valuation at December 31, 2021, be received.

**CARRIED**

**(e) APPROVAL OF MINUTES OF PREVIOUS MEETING (Item 4) - CONTINUED**

**(i) December 1, 2021 (Item 4.1) - CONTINUED**

**(Skarratt/Alford)**

That the December 1, 2021 Minutes of the HMRF / HWRF Pension Administration Sub-Committee meeting be approved, as presented.

**CARRIED**

For further disposition of this matter, refer to Item (d)(i).

**(f) ADJOURNMENT (Item 15)**

**(Skarratt/Alford)**

That there being no further business, the HMRF/HWRF Pension Administration Sub-Committee be adjourned at 10:49 a.m.

**CARRIED**

Respectfully submitted,

Councillor C. Cassar  
HMRF/HWRF Pension Administration  
Sub-Committee

Tamara Bates  
Legislative Coordinator  
Office of the City Clerk





**Bates, Tamara**

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**Subject:** FW: HMRF/HWRF Pension Administration Committee

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**From:** Harvey Hicks <>  
**Sent:** Thursday, August 31, 2023 5:28 PM  
**To:** Bates, Tamara <Tamara.Bates@hamilton.ca>  
**Subject:** Re: HMRF/HWRF Pension Administration Committee

Yes I will be resigning.

On Thu, Aug 31, 2023, 4:13 p.m. Bates, Tamara <[Tamara.Bates@hamilton.ca](mailto:Tamara.Bates@hamilton.ca)> wrote:

I'm very sorry to hear that. Can you confirm, please, whether or not your intention is to resign from the Committee?

Best,

Tamara

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**From:** Harvey Hicks <>  
**Sent:** Thursday, August 31, 2023 3:08 PM  
**To:** Bates, Tamara <[Tamara.Bates@hamilton.ca](mailto:Tamara.Bates@hamilton.ca)>  
**Subject:** Re: HMRF/HWRF Pension Administration Committee

Sorry ... not attending .

On Thu, Aug 31, 2023, 2:52 p.m. Bates, Tamara <[Tamara.Bates@hamilton.ca](mailto:Tamara.Bates@hamilton.ca)> wrote:

Hello Harvey Hicks,

I am writing to you today as the Legislative Coordinator for the HMRF/HWRF Pension Administration Committee to enquire about your continued participation as a representative from the HWRF on the Committee. The Committee met in late March and I did not hear from you at all at that time. From the record, it seems you haven't attended in some time. I am preparing to set another meeting in the fall and would like to know if you are still interested in representing your pension group on the Committee.

Thank you,

Tamara

**Tamara Bates, M.A.** (she/her)

Legislative Coordinator

City of Hamilton | Office of the City Clerk

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**Mission:** The Legislative Division aims to strengthen and promote local government by facilitating the proceedings of City Council and its Committees, fulfilling the requirements of various Provincial statutes and educating the public to make it understandable and accessible.



# INFORMATION REPORT

<b>TO:</b>	Chair and members HMRF / HWRF Pension Administration Committee
<b>COMMITTEE DATE:</b>	November 20, 2023
<b>SUBJECT/REPORT NO:</b>	Hamilton Municipal Retirement Fund (HMRF) Hamilton Wentworth Retirement Fund (HWRF) Wind-Up (FCS23006(a)) (City Wide) <b>(Outstanding Business List Item)</b>
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Barb Howe (905) 546-2424 Ext. 5599
<b>SUBMITTED BY:</b>	Shelley Hesmer, Acting Director Financial Services, Taxation and Corporate Controller Corporate Services Department
<b>SIGNATURE:</b>	

## COUNCIL DIRECTION

HMRF / HWRF Pension Administration Committee meeting of March 30, 2023 approved the following:

“That staff report back to the HMRF/HWRF Pension Administration Committee on pricing estimates to purchase annuities from an insurance company that will provide HMRF and HWRF plan members with the same level of benefit that is currently being provided under their respective pension plans”.

## INFORMATION

The valuations, as at December 31, 2021, which were presented at the meeting of March 30, 2023, showed that the plans were in a funded status of 121.5% and 98.1% for the HMRF and HWRF plans, respectively. At these funded status levels, a wind up was a cost effective option. However, after the last meeting, an update on the funded status was provided. As at December 31, 2022, there was a deterioration in the funded status to 107.8% and 89.3% for the HMRF and HWRF plans, respectively, due to a downturn in the markets.

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OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

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**SUBJECT: Hamilton Municipal Retirement Fund (HMRF) Hamilton Wentworth  
Retirement Fund (HWRF) Wind-Up (FCS23006(a)) (City Wide) –  
Page 2 of 2**

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This deterioration made it less desirable to pursue a wind up of the plans, at this time, and consequently, pricing estimates for annuities from insurance companies were not requested. Nor was the survivor audit or mortality study conducted at this time. While a survivor audit could be done at any time, a mortality study is best done just prior to pursuing pricing estimates for annuities since it would provide the City with a negotiating tool to secure better pricing from insurance companies.

The timing of winding up the plans is sensitive to market conditions and would require the City to act relatively quickly when the market is favourable, to ensure that the funded status of the plan is close to 100%. As a result, a future recommendation report will be brought forth setting out the parameters by which staff will initiate a wind up. In the meantime, staff will continue to monitor the markets, conduct a survivor audit and hold internal stakeholder meetings to prepare for an eventual wind up of these plans.

**APPENDICES AND SCHEDULES ATTACHED**

None

BH/dt



## INFORMATION REPORT

<b>TO:</b>	Chair and Members HMRF / HWRF Pension Administration Sub-Committee
<b>COMMITTEE DATE:</b>	November 20, 2023
<b>SUBJECT/REPORT NO:</b>	Master Trust Pension Investment Performance Report as at June 30, 2023 (FCS23094) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Gerald T. Boychuk (905) 546-4321
<b>SUBMITTED BY:</b>	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
<b>SIGNATURE:</b>	

### COUNCIL DIRECTION

Not Applicable.

### INFORMATION

Attached, as Appendix "A" to Report FCS23094, is Aon's investment performance report for the Hamilton Municipal Retirement Fund (HMRF), the Hamilton-Wentworth Retirement Fund (HWRF) and the Hamilton Street Railway (HSR), as of June 30, 2023. Together, the three pension funds make up the Master Trust, which is referred to as the "Plan" in Report FCS23094.

The Plan's return for the one-year period ended June 30, 2023 of 9.5% equalled its benchmark of 9.5%. The market value of the assets of the Plan totalled \$296.7 M compared to \$292 M as of June 30, 2022, an increase of \$4.7 M.

The funded ratio increased to 86.2%. Currently, a funding ratio of 86.2% enables a range of 48% to 68% for the Liability Matching Component (LMC) and the fund is at 53.9% (Fixed Income). The ultimate target contemplates 80% fixed income as interest rates rise and value of assets increases relative to liability present values.

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**SUBJECT: Master Trust Pension Investment Performance Report as at  
June 30, 2023 (FCS23094) (City Wide) – Page 2 of 4**

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Table 1 shows the Plan's one-year (ended June 30) returns, value added, market value and funded status for the last five years.

**Table 1**  
Plan's One-Year (ended June 30) Returns

	12 Months Ended Jun.30/23	12 Months Ended Jun.30/22	12 Months Ended Jun.30/21	12 Months Ended Jun.30/20	12 Months Ended Jun.30/19
Plan Return	9.5%	-12.1%	19.1%	0.2%	4.1%
Benchmark	9.5%	-11.8%	14.1%	7.1%	6.4%
Value Added	0.0%	-0.3%	5.0%	-6.9%	-2.3%
Market Value (\$ Millions)	\$296.7	\$292.0	\$355.4	\$318.8	\$336.4
Funded Ratio	86.2%	80.3%	82.9%	73.0%	76.2%

The Plan's performance may be compared to the return earned in the broader pension market in Canada. Attached, as Appendix "B" to Report FCS23094, RBC Investor & Treasury Service reports its universe of pension funds, totalling C\$4.40 Trillion with a median return of 0.8% in the quarter ended June 30, 2023. The Plan's quarterly return of 1.3% outperformed the universe's median quarterly return of 0.8% by 0.5%, with a value added of 0.5%.

#### Asset Mix

Table 2 shows the percentage of Plan assets in each asset class as of June 30, 2023 compared to June 30, 2022.

**Table 2**  
Percentage of Plan Assets in Each Asset Class

Asset Class	Jun.30/23	Jun.30/22	Change	Maximum
Canadian Equity	27.4%	25.2%	+2.2%	28.0%
Global Equity	18.0%	19.3%	-1.3%	27.0%
Total Equity	45.4%	44.5%	+0.9%	
Canadian Fixed Income	53.9%	55.4%	-1.5%	65.0%
Cash	0.6%	0.1%	+0.5%	

Note: Anomalies due to rounding

**SUBJECT: Master Trust Pension Investment Performance Report as at  
June 30, 2023 (FCS23094) (City Wide) – Page 3 of 4**

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Managers' Performance

Managers' investment performance relative to their benchmark is summarized in Table 3. One-year rates of return are as of June 30, 2023.

**Table 3**  
Managers' Performance  
One-Year Period Ended Jun. 30/23

	Manager Return	Benchmark Return	Value Added (Manager Return less Benchmark Return)	Percentage Total Assets
Canadian Equity:				
Guardian	13.0%	10.4%	+2.6%	14.5%
Letko	13.0%	10.4%	+2.6%	12.9%
Global Equity				
Aberdeen <sup>(1)</sup>	25.3%	21.6%	+3.7%	4.5%
GMO <sup>(2)</sup>	18.8%	21.6%	-2.8%	13.6%
Fixed Income:				
TDAM Long Bonds <sup>(3)</sup>	6.2%	5.9%	+0.3%	18.9%
TDAM Real Return Bonds <sup>(3)</sup>	3.5%	3.4%	+0.1%	34.9%

Notes: <sup>(1)</sup> Engaged in April 2010

<sup>(2)</sup> Engaged in July 2010

<sup>(3)</sup> Toronto Dominion Asset Management (TDAM) engaged in March 2012

Given the recent economic problems with COVID-19, tariffs and supply chain issues, Global markets have also seen contraction from future uncertainty. The Master Trust has performed acceptably over the past twelve months, returning 9.5% despite the Russia-Ukraine war, as well as, rapidly increasing Central bank interest rates attempting to combat inflation. The Master Trust has progressed to where two of our pension accounts are at, or very near fully funded.

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**SUBJECT: Master Trust Pension Investment Performance Report as at  
June 30, 2023 (FCS23094) (City Wide) – Page 4 of 4**

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A new investment approach, such as immunization through annuities, is being considered. This is dependent upon continuing to increase the 86.2% Funded Ratio, as well as, hiring an Outsourced Chief Investment Officer (OCIO) to assist in executing a new strategy, or altering the current liability driven strategy. This OCIO would support in obtaining new management processes and achieve an appropriate asset mix to match the current liabilities in the plan, given economic conditions worldwide. Also, staff would be tracking exposure ranges to meet the goal of an expected wind-up at a reasonable cost, based on more recent liabilities and expected returns, as well as, investment strategy.

Staff are in the final stages of hiring an OCIO. Qualified proposals were considered to fulfil the role. Evaluations have concluded. Investment Management Corporation of Ontario (IMCO) has been selected as the preferred proponent and terms and conditions of an agreement are being negotiated.

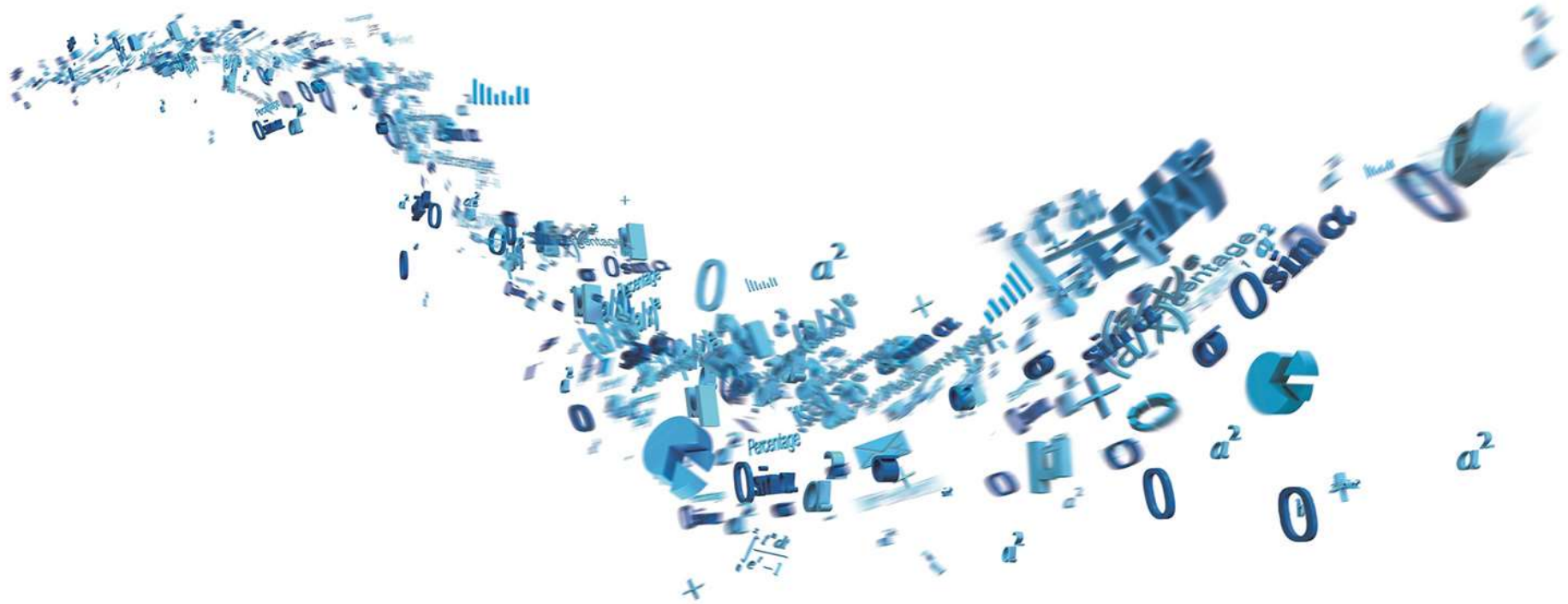
**APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” to Report FCS23094 – City of Hamilton Master Trust Defined Benefit Plan Second Quarter 2023 – AON Quarterly Investment Review

Appendix “B” to Report FCS23094 – Canadian DB pension plans navigated Q2 2023 with steady returns, reveals RBC Investor Services analysis – RBC Investor & Treasury Services

GB/dt





## The City of Hamilton Master Trust Defined Benefit Plan | Second Quarter 2023

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# Quarterly Investment Review

Visit the **Aon Retirement and Investment Website** (<https://retirement-investment-insights.aon.com/canada>); sharing our best thinking.

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# Executive Summary

**Executive Summary**

**Trailing Period Performance**

As of 30 June 2023

	Allocation		Performance (%)						
	Market Value (\$000)	%	1 Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
<b>Total Fund</b>	296,708	100.0	1.3 (42)	9.5 (77)	-1.9 (99)	4.6 (83)	3.5 (96)	3.6 (97)	6.3 (92)
Benchmark			1.4 (41)	9.5 (76)	-1.7 (98)	3.3 (95)	4.2 (86)	4.7 (86)	7.0 (79)
Value Added			-0.1	0.0	-0.2	1.3	-0.7	-1.1	-0.7
<b>Canadian Equity</b>	81,391	27.4	2.5 (16)	13.0 (24)	5.0 (53)	17.6 (17)	8.4 (72)	6.4 (89)	9.2 (47)
Guardian (including cash)	43,067	14.5	2.6 (13)	13.0 (23)	3.3 (85)	13.3 (71)	8.0 (85)	7.3 (75)	8.8 (64)
S&P/TSX Composite			1.1 (57)	10.4 (56)	3.0 (87)	12.4 (83)	8.6 (70)	7.6 (64)	8.4 (80)
Value Added			1.5	2.6	0.3	0.9	-0.6	-0.3	0.4
<b>Letko (including cash)</b>	38,324	12.9	2.5 (17)	13.0 (23)	7.0 (23)	22.6 (8)	9.7 (43)	6.5 (88)	9.8 (27)
S&P/TSX Composite			1.1 (57)	10.4 (56)	3.0 (87)	12.4 (83)	8.6 (70)	7.6 (64)	8.4 (80)
Value Added			1.4	2.6	4.0	10.2	1.1	-1.1	1.4
<b>Global Equities</b>	53,533	18.0	2.7 (54)	20.4 (45)	3.0 (61)	10.5 (55)	8.4 (64)	7.3 (67)	9.3 (91)
Aberdeen	13,234	4.5	3.0 (49)	25.3 (13)	5.8 (25)	12.4 (31)	10.8 (23)	9.7 (25)	10.0 (83)
MSCI World (Net)			4.5 (27)	21.6 (33)	4.1 (49)	11.2 (48)	10.1 (37)	9.2 (35)	12.0 (48)
Value Added			-1.5	3.7	1.7	1.2	0.7	0.5	-2.0
<b>GMO</b>	40,299	13.6	2.7 (54)	18.8 (63)	0.1 (80)	8.7 (73)	7.0 (83)	6.1 (83)	8.9 (94)
MSCI World (Net)			4.5 (27)	21.6 (33)	4.1 (49)	11.2 (48)	10.1 (37)	9.2 (35)	12.0 (48)
Value Added			-1.8	-2.8	-4.0	-2.5	-3.1	-3.1	-3.1

\*GMO returns are reported net-of-fees.

Executive Summary

**Trailing Period Performance**

As of 30 June 2023

	Allocation		Performance (%)						
	Market Value (\$'000)	%	1 Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
Canadian Fixed Income	159,889	53.9	0.3	4.5	-6.0	-5.0	-1.6	0.3	2.6
TDAM Long Bonds	56,188	18.9	0.9	6.2	-7.5	-7.1	-2.7	0.0	2.8
FTSE Canada Long Term Overall Bond			0.6	5.9	-7.8	-7.5	-3.0	-0.3	2.8
Value Added			0.3	0.3	0.3	0.4	0.3	0.3	0.0
TDAM Real Return Bonds	103,606	34.9	0.0	3.5	-5.1	-2.9	-0.7	0.4	2.2
FTSE Canada Real Return Bond			0.0	3.4	-4.8	-2.6	-0.6	0.5	2.3
Value Added			0.0	0.1	-0.3	-0.3	-0.1	-0.1	-0.1
TDAM Cash	159,889	53.9							
Operating Account	1,895	0.6							

\*GMO returns are reported net-of-fees.

**Executive Summary**

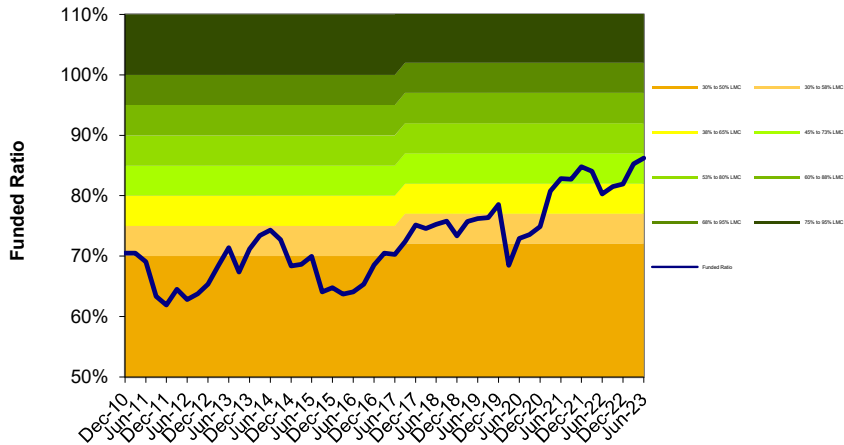
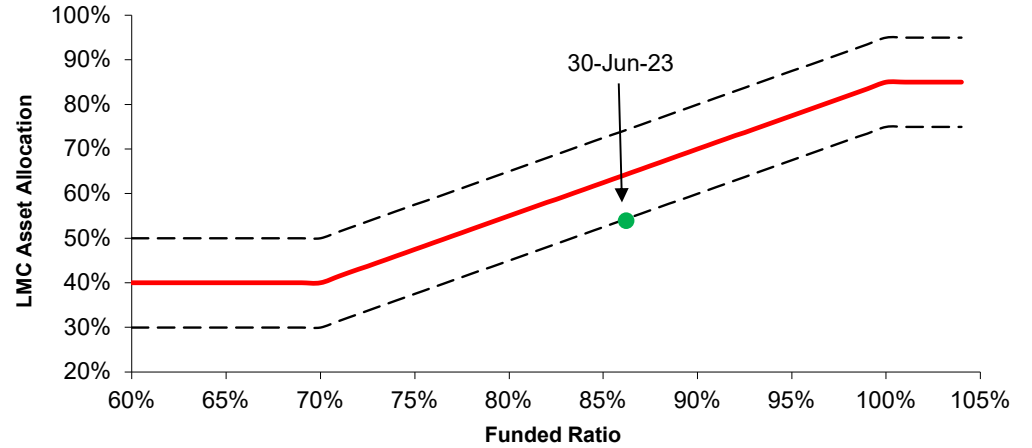
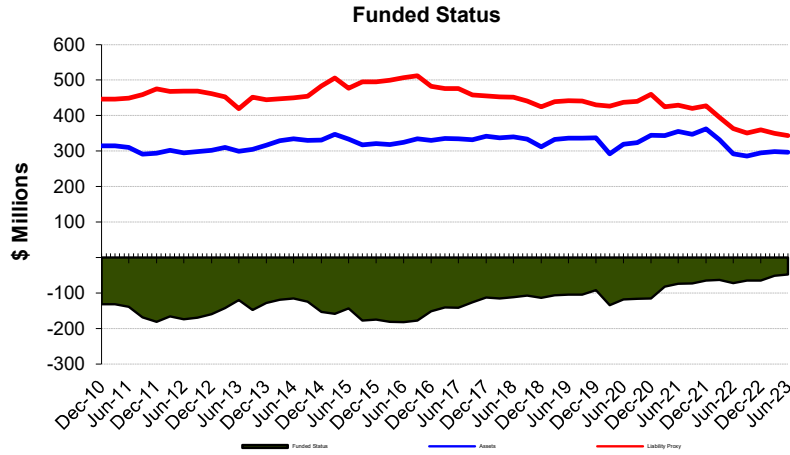
**Trailing Period Performance**

**As of 30 June 2023**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Total Fund</b>	9.5 (77)	-12.1 (99)	19.1 (39)	0.2 (83)	4.1 (74)	7.3 (52)	9.0 (68)	3.2 (40)	6.3 (86)	19.8 (31)	9.6 (72)
Benchmark	9.5 (76)	-11.8 (96)	14.1 (92)	7.1 (8)	6.4 (28)	7.7 (36)	8.2 (79)	3.8 (30)	8.5 (59)	19.1 (42)	6.5 (96)
Value Added	0.0	-0.3	5.0	-6.9	-2.3	-0.4	0.8	-0.6	-2.2	0.7	3.1
<b>Canadian Equities</b>	13.0 (24)	-2.5 (73)	47.6 (17)	-15.1 (92)	-1.1 (80)	12.6 (17)	17.7 (3)	2.1 (50)	1.1 (45)	29.7 (52)	19.0 (14)
Guardian (including cash)	13.0 (23)	-5.6 (93)	36.2 (51)	-6.5 (55)	4.8 (29)	10.8 (40)	11.7 (54)	3.3 (31)	0.7 (49)	26.7 (78)	9.3 (82)
S&P/TSX Composite	10.4 (56)	-3.9 (86)	33.9 (63)	-2.2 (30)	3.9 (40)	10.4 (46)	11.0 (65)	-0.2 (64)	-1.2 (64)	28.7 (65)	7.9 (93)
Value Added	2.6	-1.7	2.3	-4.3	0.9	0.4	0.7	3.5	1.9	-2.0	1.4
Letko (including cash)	13.0 (23)	1.4 (41)	61.0 (5)	-21.5 (99)	-5.2 (90)	13.4 (12)	21.5 (1)	1.5 (55)	1.4 (42)	31.1 (34)	24.2 (2)
S&P/TSX Composite	10.4 (56)	-3.9 (86)	33.9 (63)	-2.2 (30)	3.9 (40)	10.4 (46)	11.0 (65)	-0.2 (64)	-1.2 (64)	28.7 (65)	7.9 (93)
Value Added	2.6	5.3	27.1	-19.3	-9.1	3.0	10.5	1.7	2.6	2.4	16.3
<b>Global Equities</b>	20.4 (45)	-11.9 (61)	27.3 (56)	2.3 (62)	2.8 (66)	8.3 (80)	19.4 (52)	-3.4 (78)	10.5 (91)	23.9 (65)	18.7 (85)
Aberdeen	25.3 (13)	-10.7 (52)	27.0 (59)	6.0 (45)	5.4 (43)	7.9 (82)	16.4 (72)	-1.0 (60)	7.6 (96)	22.0 (79)	17.2 (91)
MSCI World (Net)	21.6 (33)	-10.8 (53)	26.6 (60)	6.9 (40)	5.7 (41)	12.5 (47)	17.8 (63)	1.4 (40)	18.9 (59)	25.2 (54)	22.7 (58)
Value Added	3.7	0.1	0.4	-0.9	-0.3	-4.6	-1.4	-2.4	-11.3	-3.2	-5.5
GMO	18.8 (63)	-15.7 (79)	28.3 (49)	1.9 (64)	2.8 (66)	8.1 (81)	20.0 (47)	-2.8 (72)	11.9 (90)	23.8 (66)	19.0 (84)
MSCI World (Net)	21.6 (33)	-10.8 (53)	26.6 (60)	6.9 (40)	5.7 (41)	12.5 (47)	17.8 (63)	1.4 (40)	18.9 (59)	25.2 (54)	22.7 (58)
Value Added	-2.8	-4.9	1.7	-5.0	-2.9	-4.4	2.2	-4.2	-7.0	-1.4	-3.7
<b>Canadian Fixed Income</b>	4.5	-15.5	-2.8	9.2	8.3	2.8	-1.2	7.8	7.5	8.1	-3.9
TDAM Long Bonds	6.2 (63)	-19.5 (37)	-6.4 (72)	12.1 (47)	11.4 (60)	1.8 (79)	0.3 (85)	10.2 (29)	9.0 (90)	8.0 (38)	-2.0 (27)
FTSE Canada Long Term Overall Bond	5.9 (92)	-19.7 (77)	-6.9 (91)	12.0 (60)	11.4 (38)	1.8 (72)	0.4 (75)	9.9 (51)	10.1 (37)	7.6 (72)	-2.9 (84)
Value Added	0.3	0.2	0.5	0.1	0.0	0.0	-0.1	0.3	-1.1	0.4	0.9
TDAM Real Return Bonds	3.5	-13.1	1.7	6.1	5.1	4.2	-2.9	5.4	5.8	8.2	-8.5
FTSE Canada Real Return Bond	3.4	-12.3	2.1	5.5	5.2	4.0	-2.7	5.3	5.6	8.1	-9.9
Value Added	0.1	-0.8	-0.4	0.6	-0.1	0.2	-0.2	0.1	0.2	0.1	1.4

Parentheses contain percentile rankings.

## Quarterly Performance Report for the City of Hamilton Funded Status and Glide Path Information for June 30, 2023



### Snapshot (Wind-Up)

	30-Sep-22	31-Dec-22	31-Mar-23	30-Jun-23
Market value of assets (\$ Millions)	\$285.6	\$294.8	\$298.3	\$296.7
Liability proxy (\$ Millions)	\$350.2	\$359.7	\$349.7	\$344.1
Funded status (\$ Millions)	(\$64.6)	(\$64.9)	(\$51.4)	(\$47.4)
Funded ratio	81.6%	82.0%	85.3%	86.2%
Current LMC Asset Allocation	55.4%	55.2%	54.7%	53.9%

### Rebalancing

- The rebalancing strategy for this plan requires that assets be rebalanced to the target allocation (indicated by the red line) whenever the LMC Asset Allocation falls outside of the range deemed acceptable for a given funded ratio (indicated by the dashed lines).

- Because the LMC Asset Allocation as of June 30, 2023 falls outside of the range determined acceptable for the current funded ratio (86.2%), the asset mix should be rebalanced such that the LMC portion of the portfolio comprises 54% of total assets.

# Capital Markets Performance



## Capital Market Performance

## Major Capital Markets' Returns

As of 30 June 2023

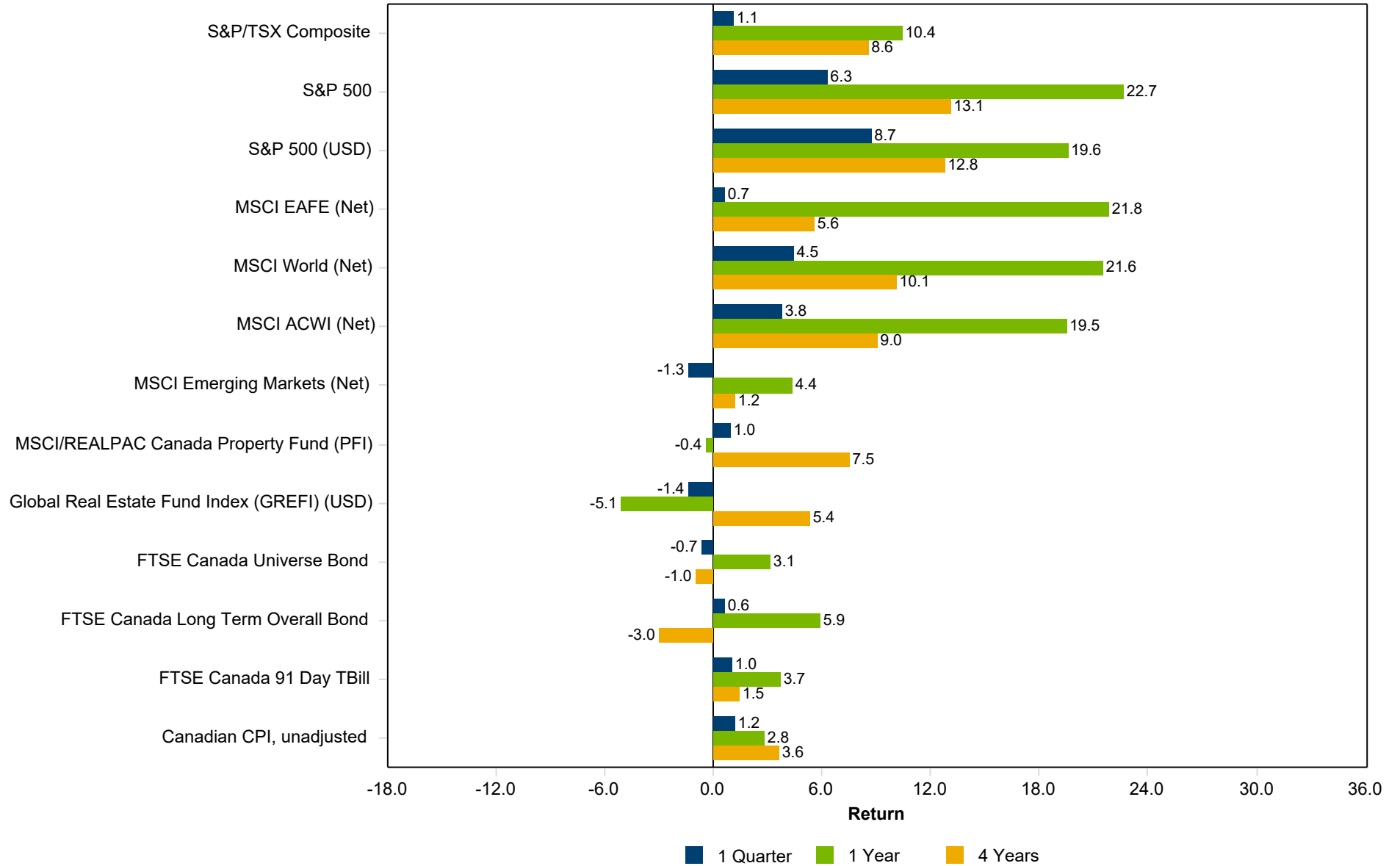
	1 Quarter	6 Months	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
<b>Equity</b>								
S&P/TSX Composite	1.1	5.7	10.4	3.0	12.4	8.6	7.6	8.4
S&P 500	6.3	14.2	22.7	6.9	13.5	13.1	12.4	15.4
S&P 500 (USD)	8.7	16.9	19.6	3.4	14.6	12.8	12.3	12.9
MSCI EAFE (Net)	0.7	9.1	21.8	2.2	7.9	5.6	4.5	7.8
MSCI World (Net)	4.5	12.4	21.6	4.2	11.1	10.1	9.2	12.0
MSCI ACWI (Net)	3.8	11.3	19.5	2.4	9.9	9.0	8.2	11.2
MSCI Emerging Markets (Net)	-1.3	2.4	4.4	-9.9	1.3	1.2	1.0	5.3
<b>Real Estate</b>								
MSCI/REALPAC Canada Quarterly Property Fund	1.0	0.4	-0.4	9.1	8.8	7.5	7.5	7.3
Global Real Estate Fund Index (GREFI) (USD)*	-1.4	-1.9	-5.1	5.5	6.5	5.4	4.9	6.6
<b>Fixed Income</b>								
FTSE Canada Universe Bond	-0.7	2.5	3.1	-4.4	-3.7	-1.0	0.7	2.1
FTSE Canada Long Term Overall Bond	0.6	5.4	5.9	-7.8	-7.5	-3.0	-0.3	2.8
FTSE Canada 91 Day TBill	1.0	2.1	3.7	2.0	1.4	1.5	1.5	1.1
<b>Consumer Price Index</b>								
Canadian CPI, unadjusted	1.2	2.7	2.8	5.4	4.6	3.6	3.3	2.5

Returns for periods greater than one year are annualized. Sector returns are based on the holdings loaded into our performance reporting software and may differ from MSCI sector returns. Note: MSCI recently announced a reorganization of the Global Industry Classification Sectors or GICS sectors. The Telecommunications sector was renamed "Communication Services". Going forward the Communication Services sector will include companies currently in the Information Technology sector that focus on facilitating communications, such as Alphabet (Google) and Facebook. Companies that provide media content, such as Disney and Comcast, will be moved from the Consumer Discretionary sector to the Communication Services sector. In addition, online retailers, such as Alibaba and eBay, will be moved from the Information Technology sector to the Consumer Discretionary sector.

Capital Market Performance

Comparative Performance

As of 30 June 2023



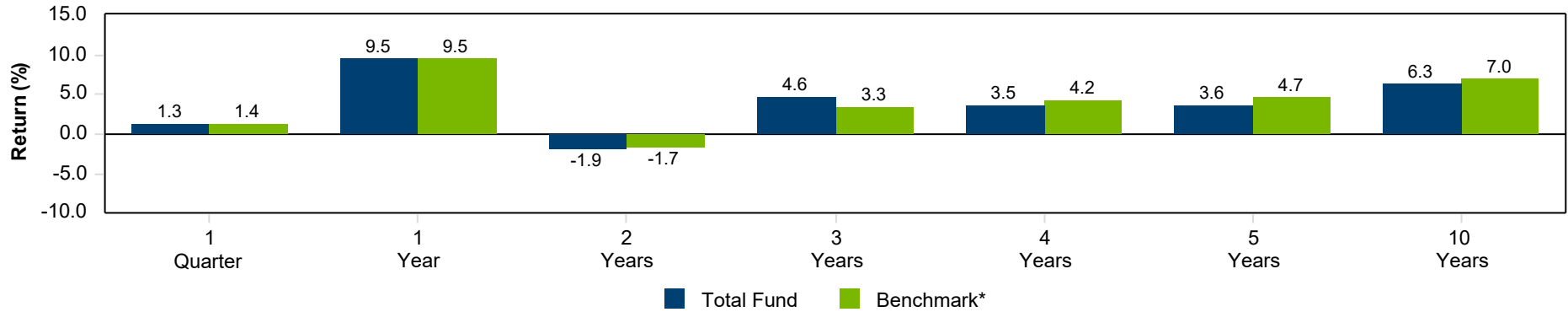
# Total Fund Analysis

**Total Fund**

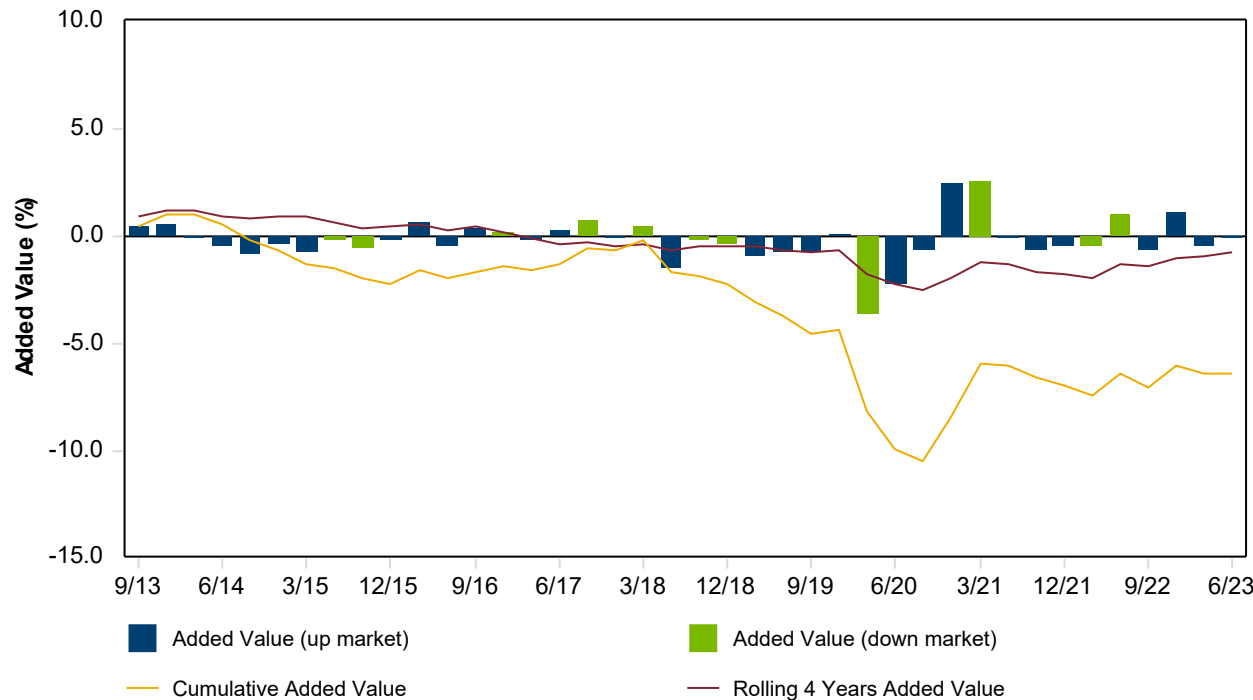
**Total Fund Performance Summary**

As of 30 June 2023

**Return Summary**



**Added Value History (%)**



**Performance Statistics**

	Quarters	%
<b>Market Capture</b>		
Up Markets	29	94.4
Down Markets	11	100.7
<b>Batting Average</b>		
Up Markets	29	27.6
Down Markets	11	45.5
Overall	40	32.5

\* See Appendix A for benchmark components.

Total Fund

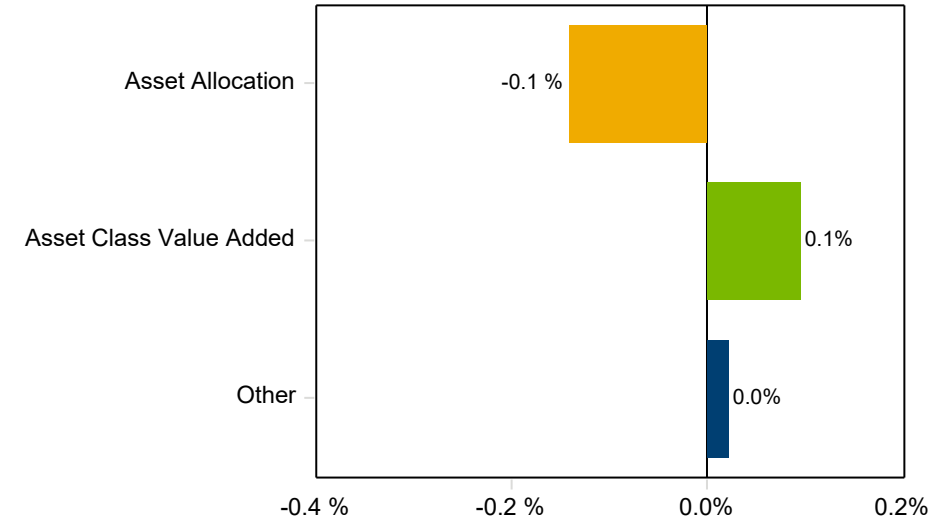
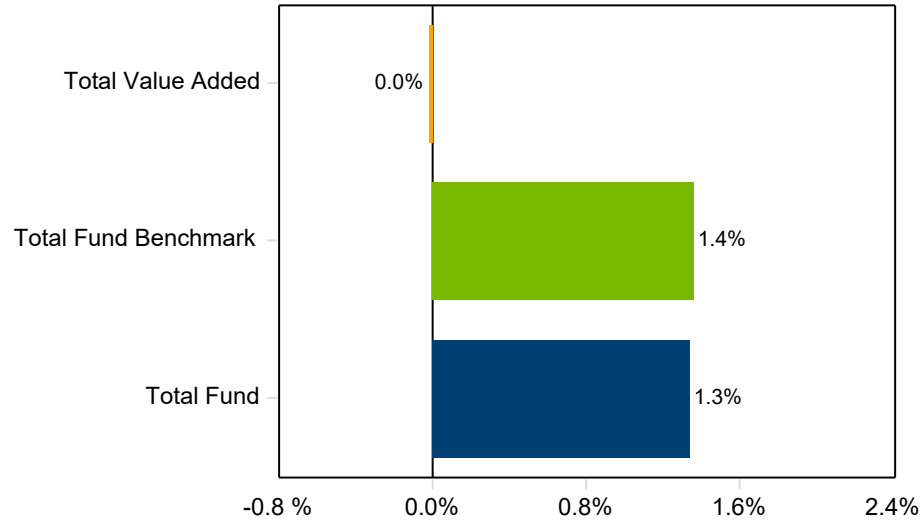
Total Fund Performance Attribution

1 Quarter Ending 30 June 2023

Total Fund vs. Benchmark

Total Fund Performance

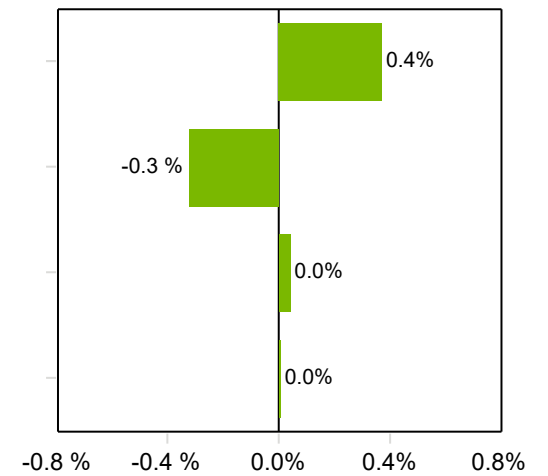
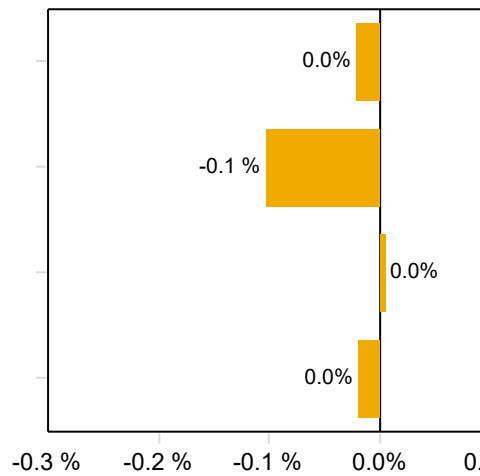
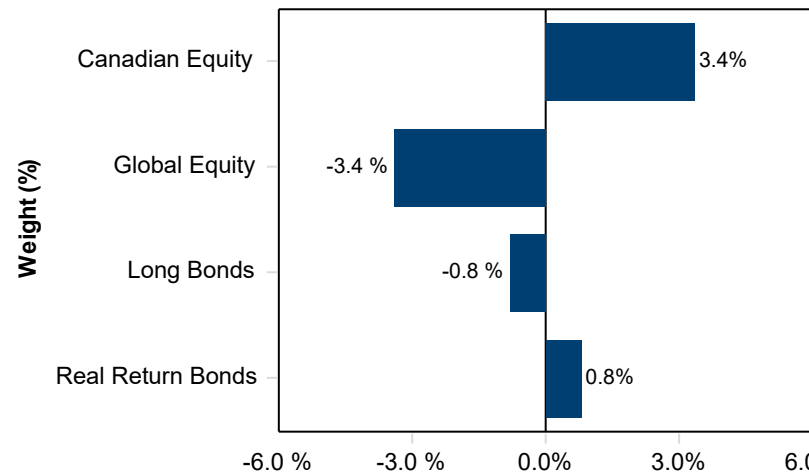
Total Value Added: 0.0%



1 Quarter

Total Asset Allocation: -0.1%

Total Asset Class Value Added: 0.1%



Active Weight

Asset Allocation Value Added

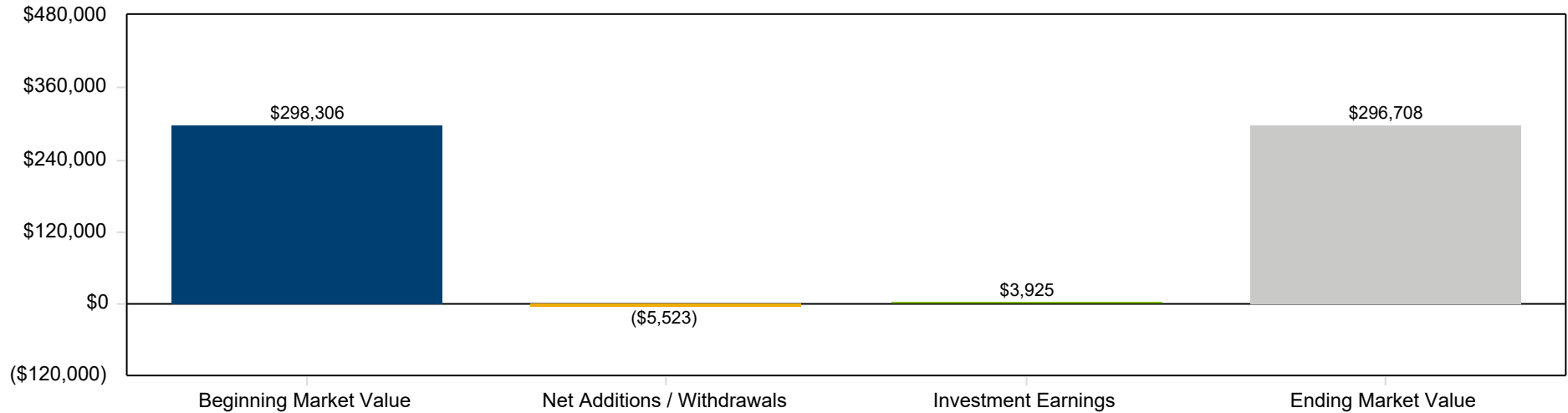
Asset Class Value Added

**Total Fund**

**Total Fund Asset Summary**

**As of 30 June 2023**

**Change in Market Value (\$000)  
 From 1 April 2023 to 30 June 2023**



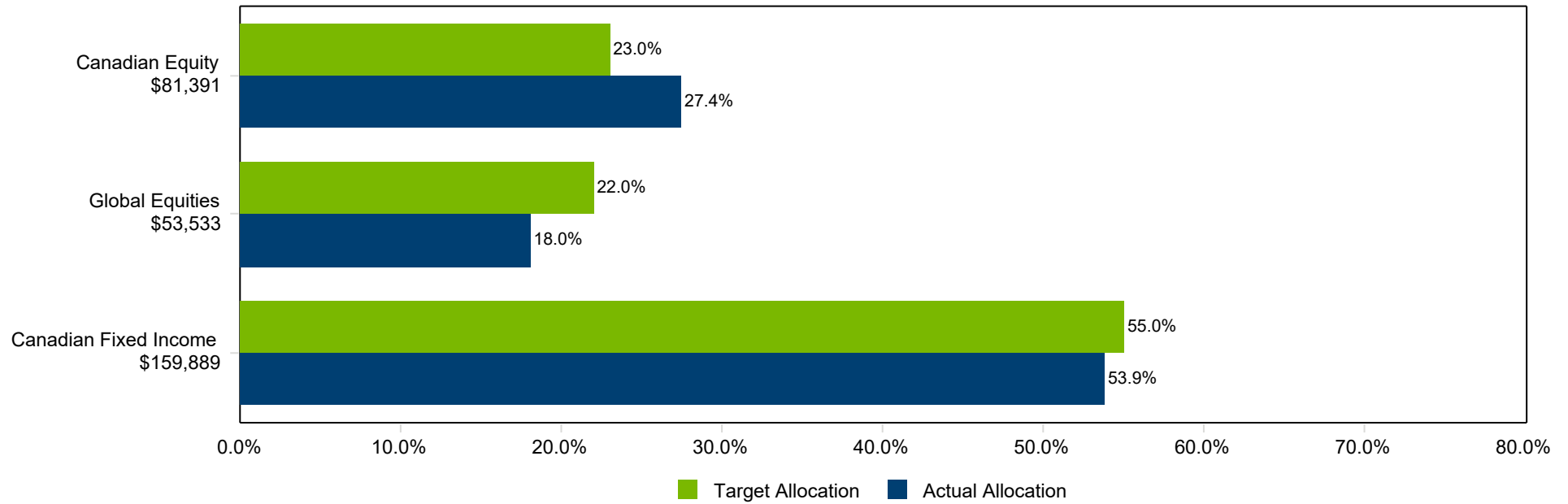
**Summary of Cash Flows (\$000)**

	<b>1 Quarter</b>	<b>Year To Date</b>	<b>1 Year</b>	<b>4 Years</b>
<b>Total Fund</b>				
Beginning Market Value	298,306	294,807	292,005	336,441
+/- Net Cash Flows	-5,523	-11,246	-22,016	-72,663
+/- Income	1,804	2,501	10,616	79,389
+/- Capital Gains / Losses	2,121	10,646	16,103	-46,459
<b>= Ending Market Value</b>	<b>296,708</b>	<b>296,708</b>	<b>296,708</b>	<b>296,708</b>

**Total Fund**

**Asset Allocation Compliance**

As of 30 June 2023 (\$000)



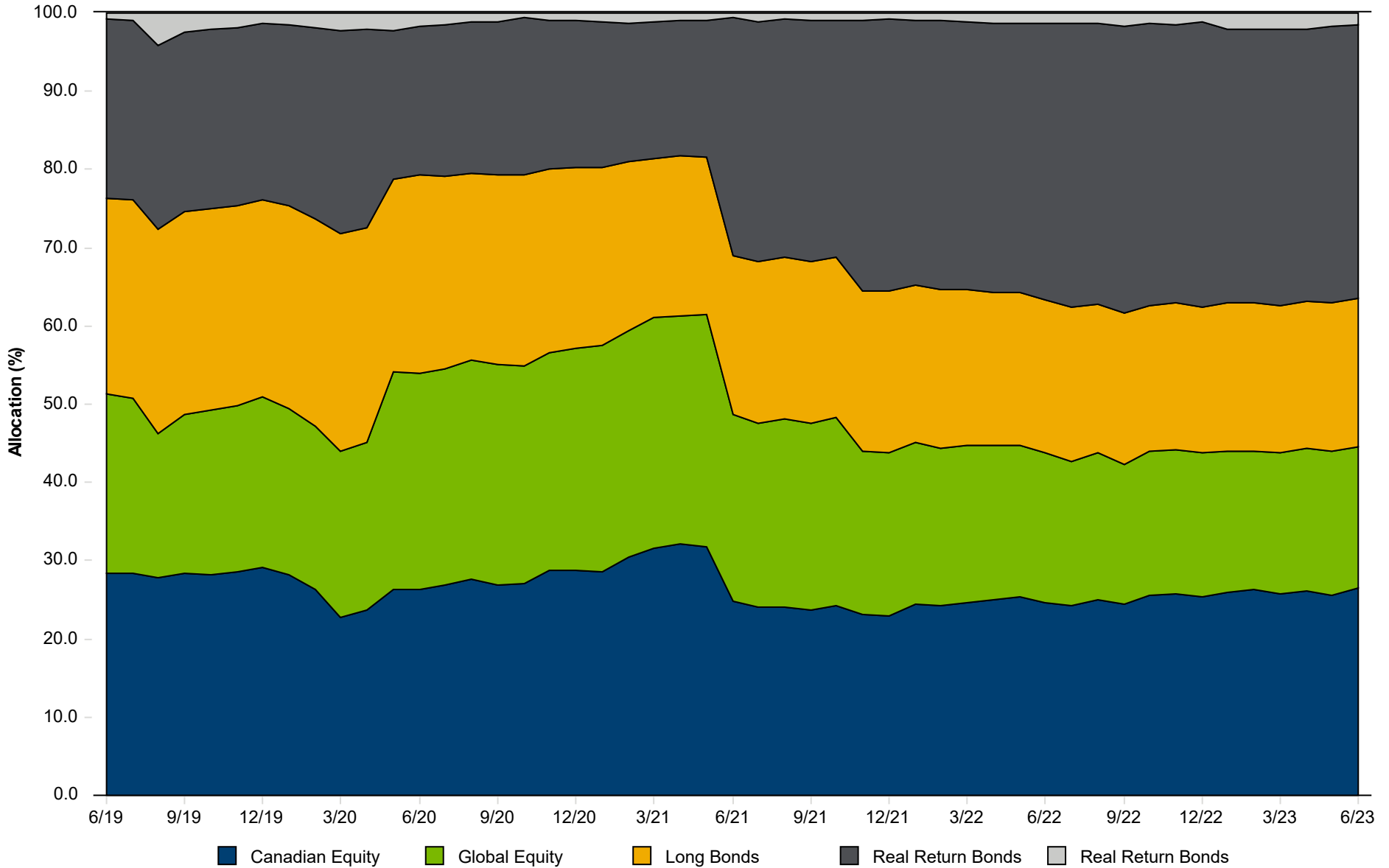
	Market Value (\$000)	Market Value (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)	Within Range
<b>Total Fund</b>	<b>296,708</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>			
Canadian Equity	81,391	27.4	23.0	4.4	18.0	28.0	Yes
Global Equities	53,533	18.0	22.0	-4.0	17.0	27.0	Yes
Canadian Fixed Income	159,889	53.9	55.0	-1.1	45.0	65.0	Yes

Total Fund

Historical Asset Allocation by Segment

4 Years Ending 30 June 2023

Total Fund



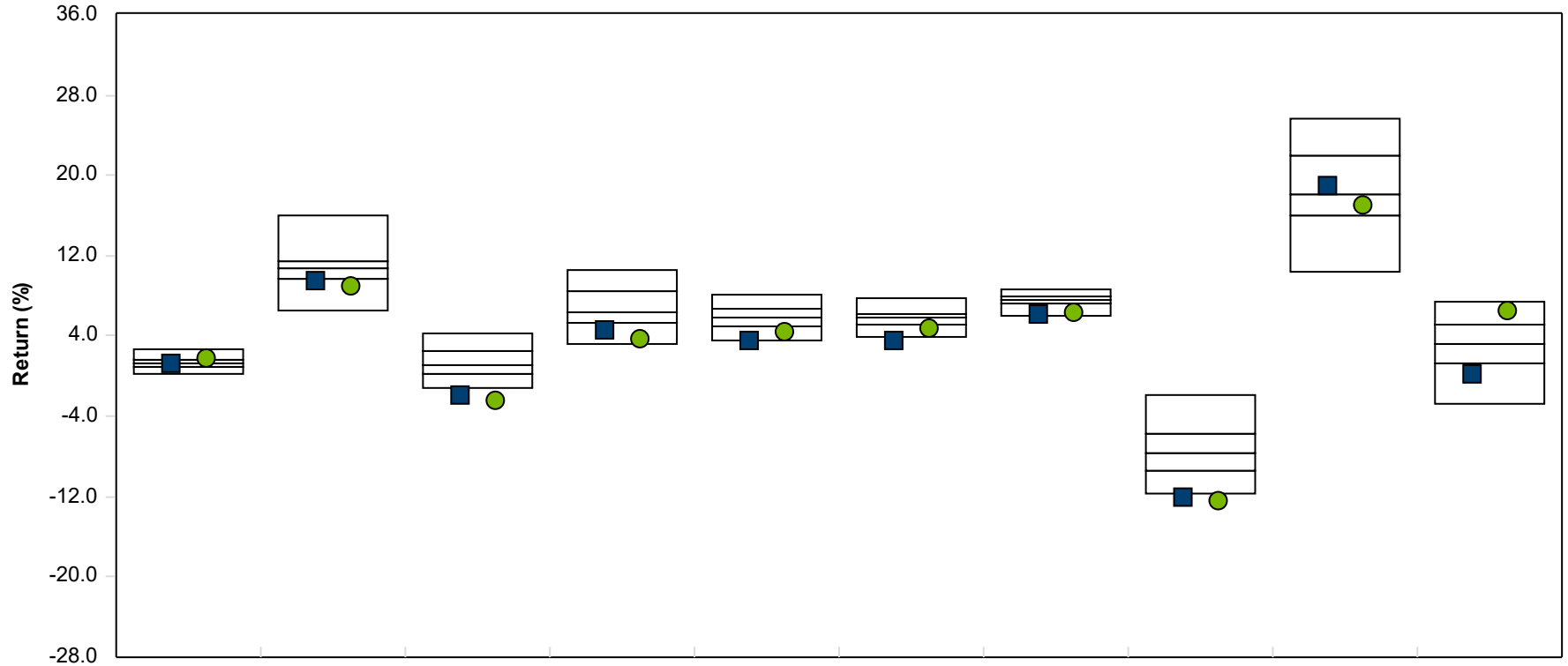


Total Fund

Peer Group Analysis

As of 30 June 2023

Balanced Funds



	1 Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years	1 Year Ending Jun-2022	1 Year Ending Jun-2021	1 Year Ending Jun-2020
■ Total Fund	1.3 (42)	9.5 (77)	-1.9 (99)	4.6 (83)	3.5 (96)	3.6 (97)	6.3 (92)	-12.1 (99)	19.1 (39)	0.2 (83)
● Benchmark	1.9 (17)	9.0 (81)	-2.3 (99)	3.7 (91)	4.4 (84)	4.8 (81)	6.4 (91)	-12.5 (100)	17.1 (59)	6.5 (15)
5th Percentile	2.7	16.1	4.3	10.5	8.2	7.8	8.6	-2.0	25.6	7.5
1st Quartile	1.6	11.5	2.5	8.5	6.7	6.1	8.0	-5.8	22.0	5.1
Median	1.2	10.7	1.1	6.3	5.8	5.9	7.6	-7.6	18.2	3.3
3rd Quartile	0.9	9.6	0.2	5.3	5.0	5.2	7.2	-9.3	15.9	1.3
95th Percentile	0.1	6.6	-1.2	3.3	3.6	3.9	6.0	-11.6	10.4	-2.7
Population	49	49	49	49	49	49	49	50	50	52

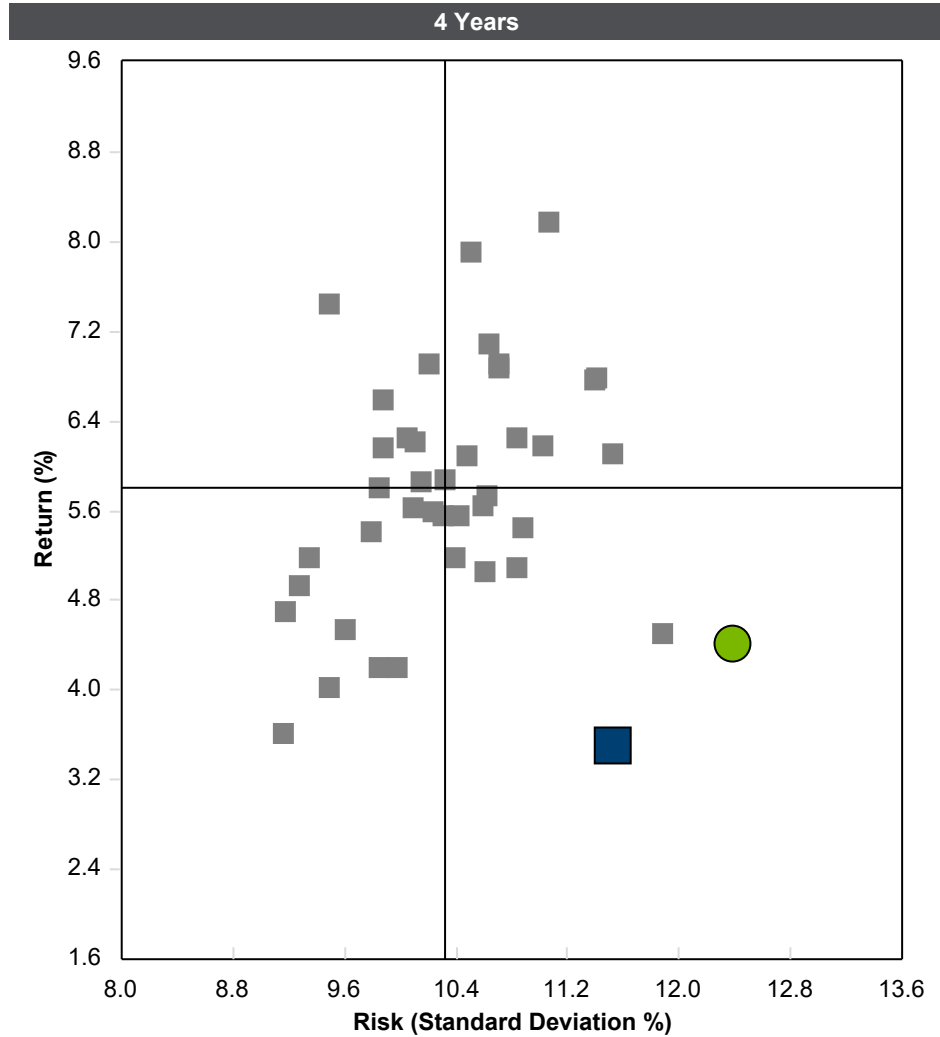
Parentheses contain percentile rankings.  
 Source: Aon Manager Universe

Total Fund

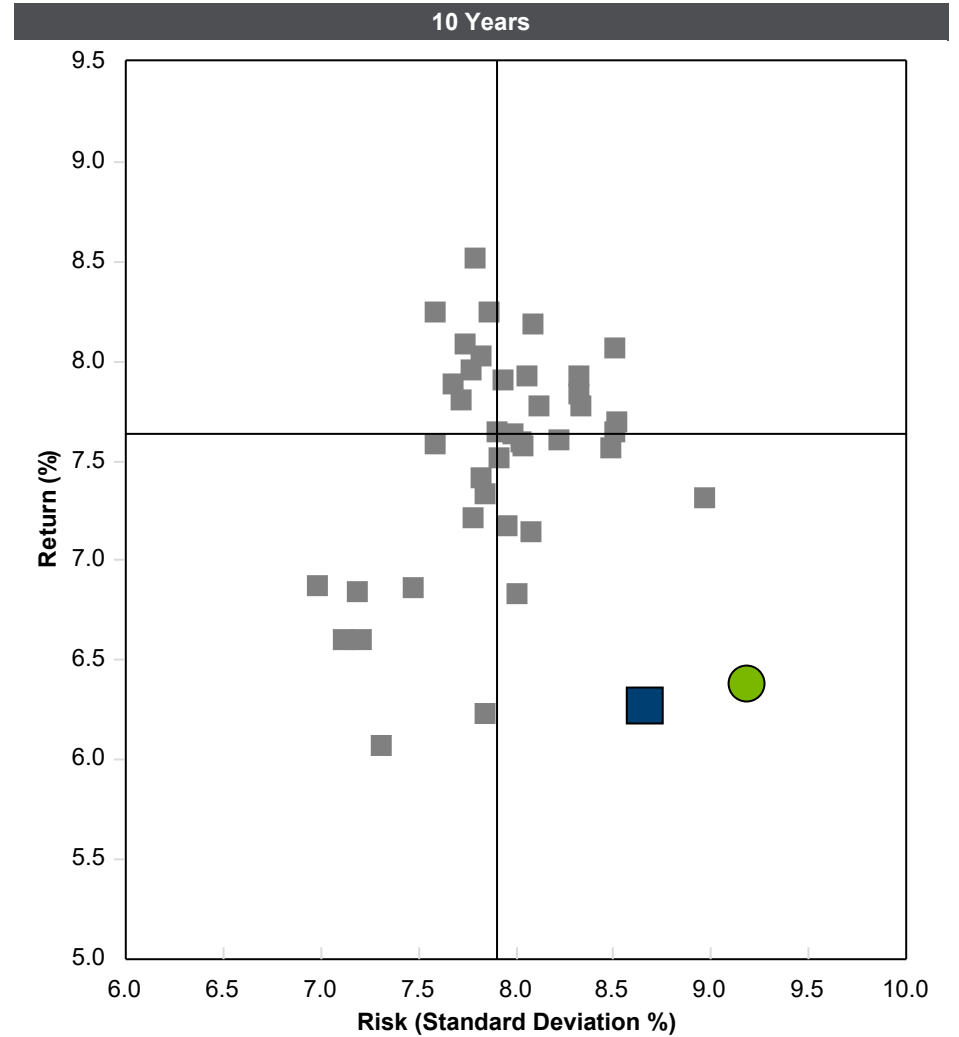
Peer Group Scattergram

Periods Ending 30 June 2023

Balanced Funds



	Return	Standard Deviation
■ Total Fund	3.5	11.5
● Benchmark	4.4	12.4
— Median	5.8	10.3



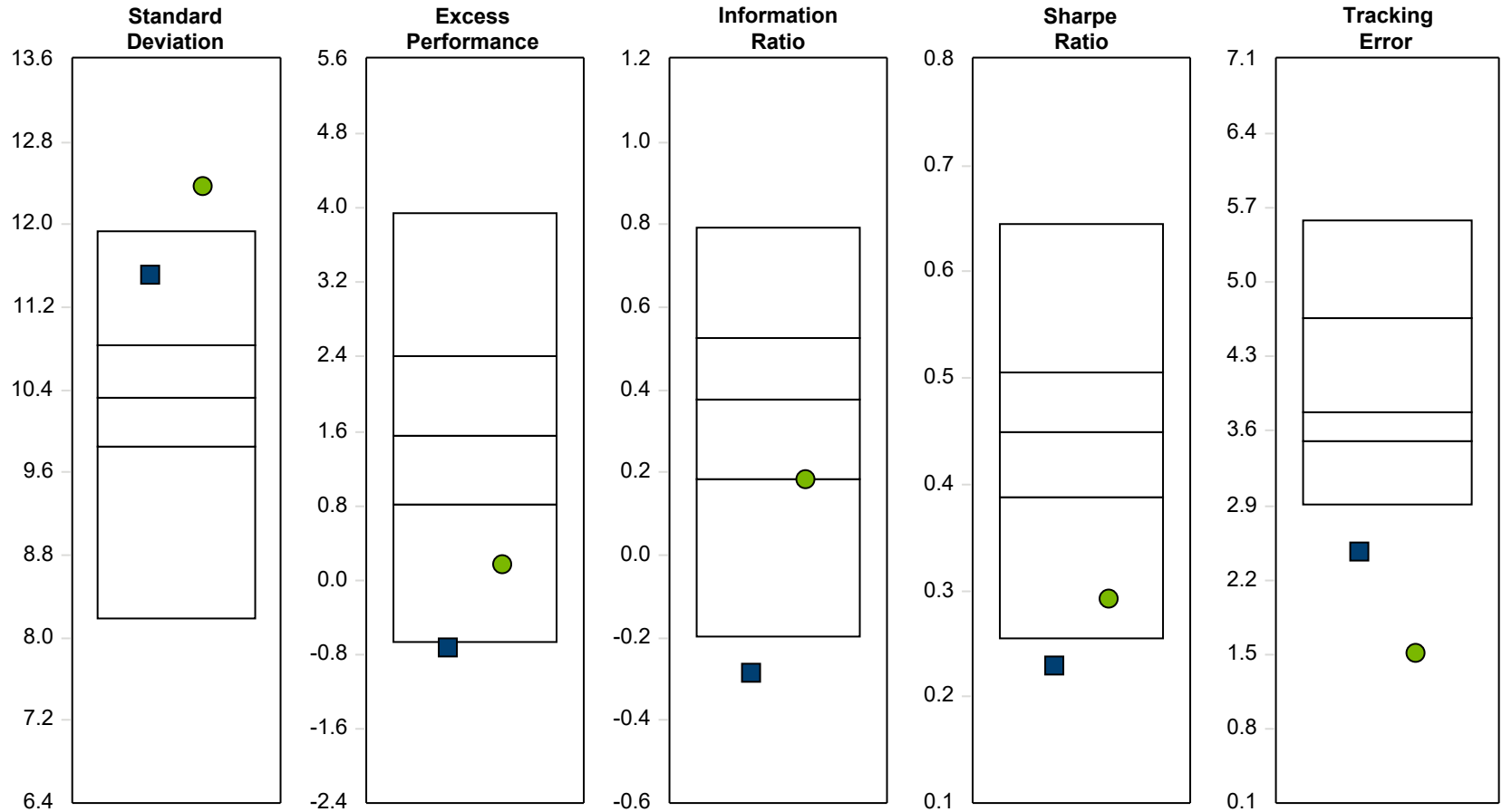
	Return	Standard Deviation
■ Total Fund	6.3	8.7
● Benchmark	6.4	9.2
— Median	7.6	7.9

Source: Aon Manager Universe

Total Fund

Peer Group Analysis - Performance Statistics

As of 30 June 2023



■ Total Fund  
 ● Benchmark

**4  
Years**

11.5 (9)  
 12.4 (2)

**4  
Years**

-0.7 (96)  
 0.2 (84)

**4  
Years**

-0.3 (97)  
 0.2 (76)

**4  
Years**

0.2 (97)  
 0.3 (93)

**4  
Years**

2.5 (100)  
 1.5 (100)

5th Percentile	11.9	3.9	0.8	0.6	5.6
1st Quartile	10.8	2.4	0.5	0.5	4.7
Median	10.3	1.6	0.4	0.4	3.8
3rd Quartile	9.8	0.8	0.2	0.4	3.5
95th Percentile	8.2	-0.7	-0.2	0.3	2.9

Parentheses contain percentile rankings.  
 Source: Aon Manager Universe



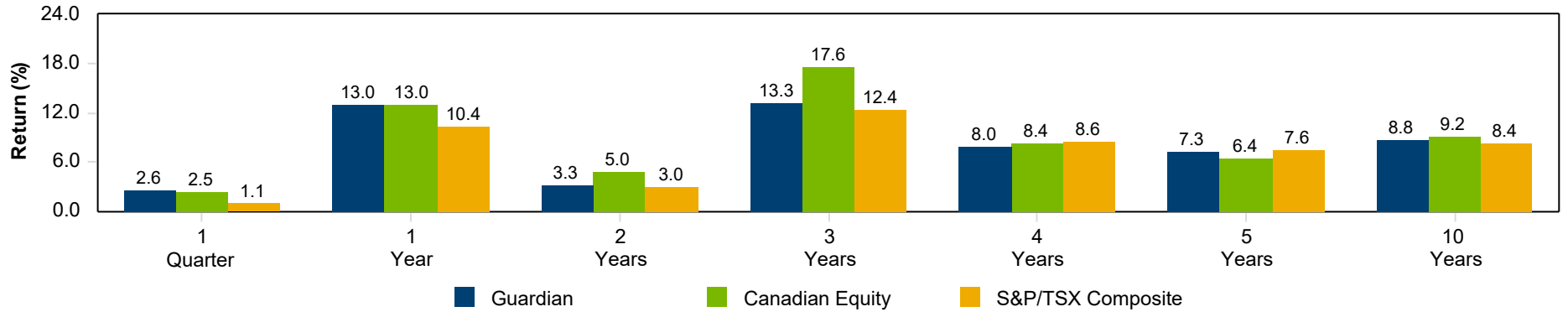
# Asset Class Analysis

Canadian Equity

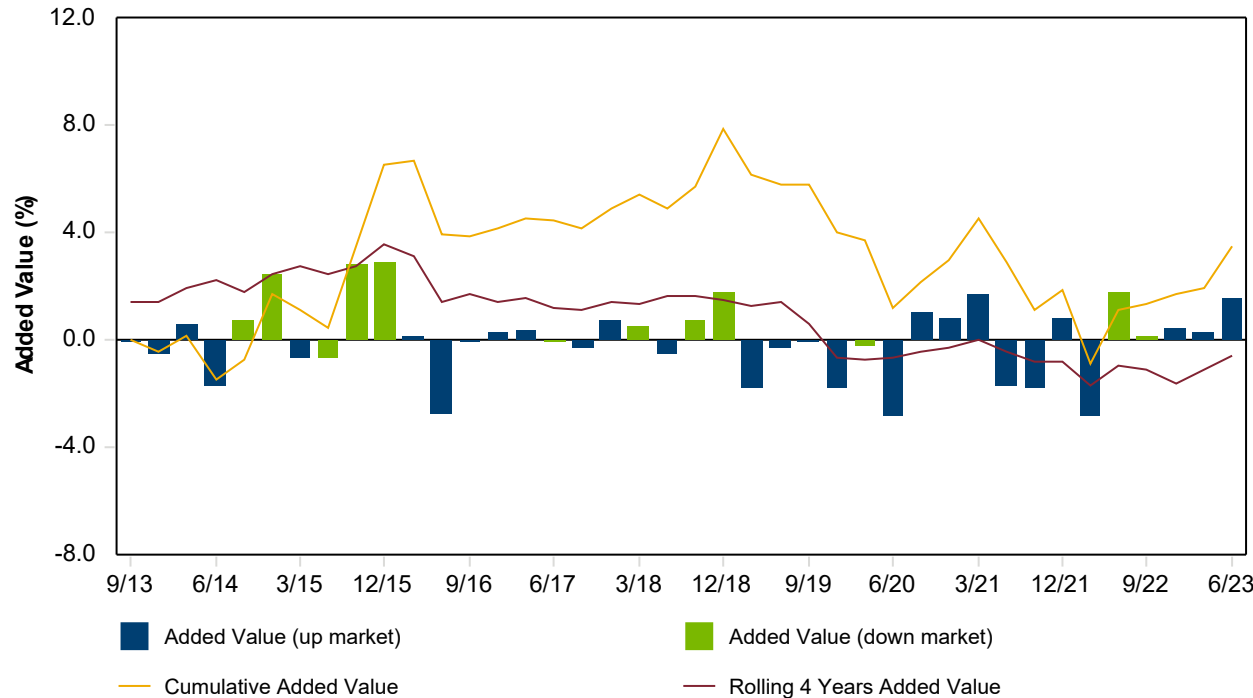
Guardian Performance Summary

As of 30 June 2023

Return Summary



Added Value History (%)



Performance Statistics

	Quarters	%
<b>Market Capture</b>		
Up Markets	28	93.1
Down Markets	12	80.0
<b>Batting Average</b>		
Up Markets	28	46.4
Down Markets	12	75.0
Overall	40	55.0

Canadian Equity

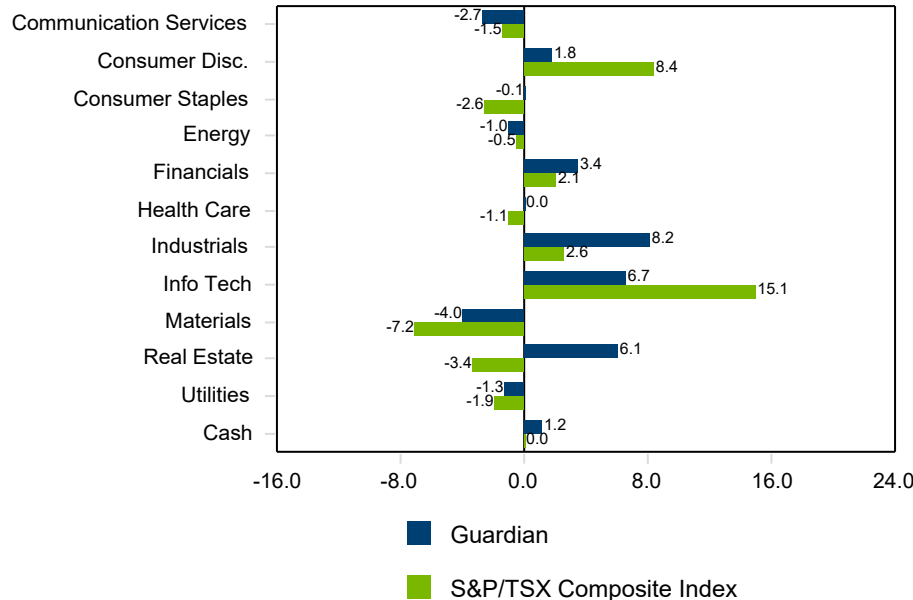
Guardian Portfolio Characteristics

As of 30 June 2023

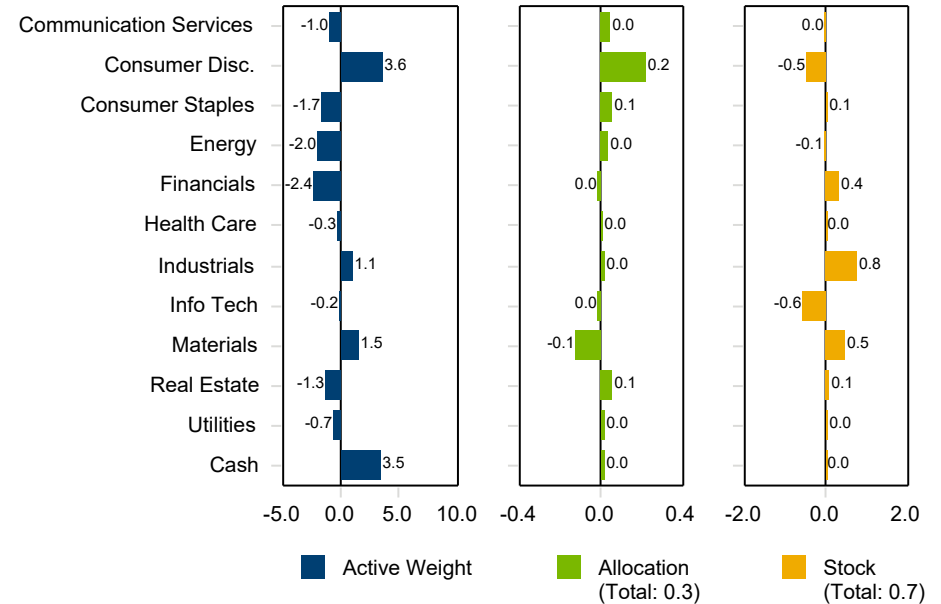
Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	49,402	60,375
Median Mkt. Cap (\$M)	27,358	3,962
Price/Earnings ratio	14.6	13.8
Price/Book ratio	1.9	2.0
5 Yr. EPS Growth Rate (%)	10.6	10.0
Current Yield (%)	2.9	3.3
Return on Equity (%)	3.2	3.9
Debt to Equity (%)	147.5	160.8
Number of Holdings	39	228

Manager Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Bank of Montreal	6.60	2.96	3.64	0.55
Suncor Energy	5.66	1.77	3.89	-6.16
Royal Bank of Canada	5.55	6.11	-0.56	-1.14
CGI Group	4.44	1.01	3.43	7.26
Canadian Natural Resources	4.42	2.83	1.59	-0.41
Canadian Pacific Railway	4.39	3.46	0.93	3.00
Agnico Eagle Mines Ltd	3.86	1.13	2.73	-3.24
Wheaton Precious Metals Corp	3.82	0.90	2.92	-11.71
TransCanada	3.25	1.90	1.35	3.64
Brookfield Asset Management	3.10	2.21	0.89	1.53
% of Portfolio	45.09	24.28	20.81	

Sector Returns (%)



Sector Performance Attribution (%)

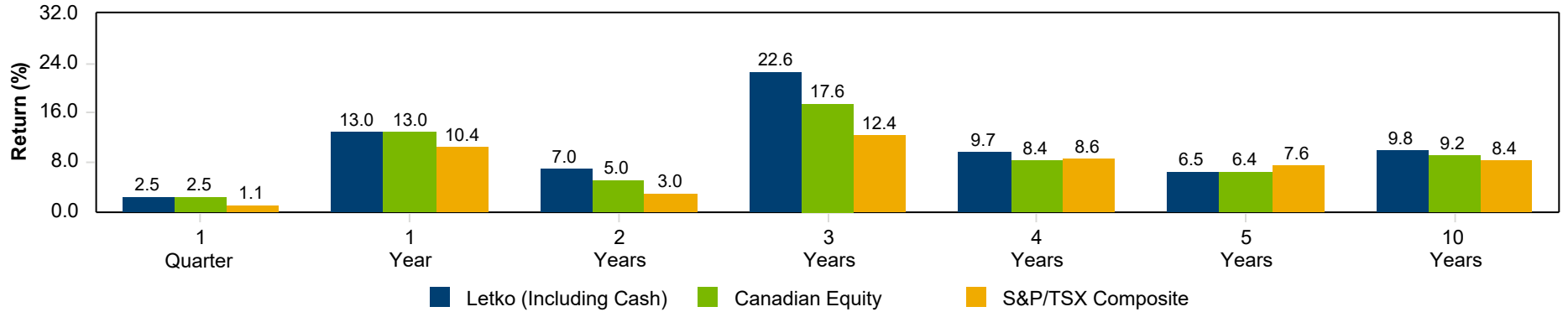


Canadian Equity

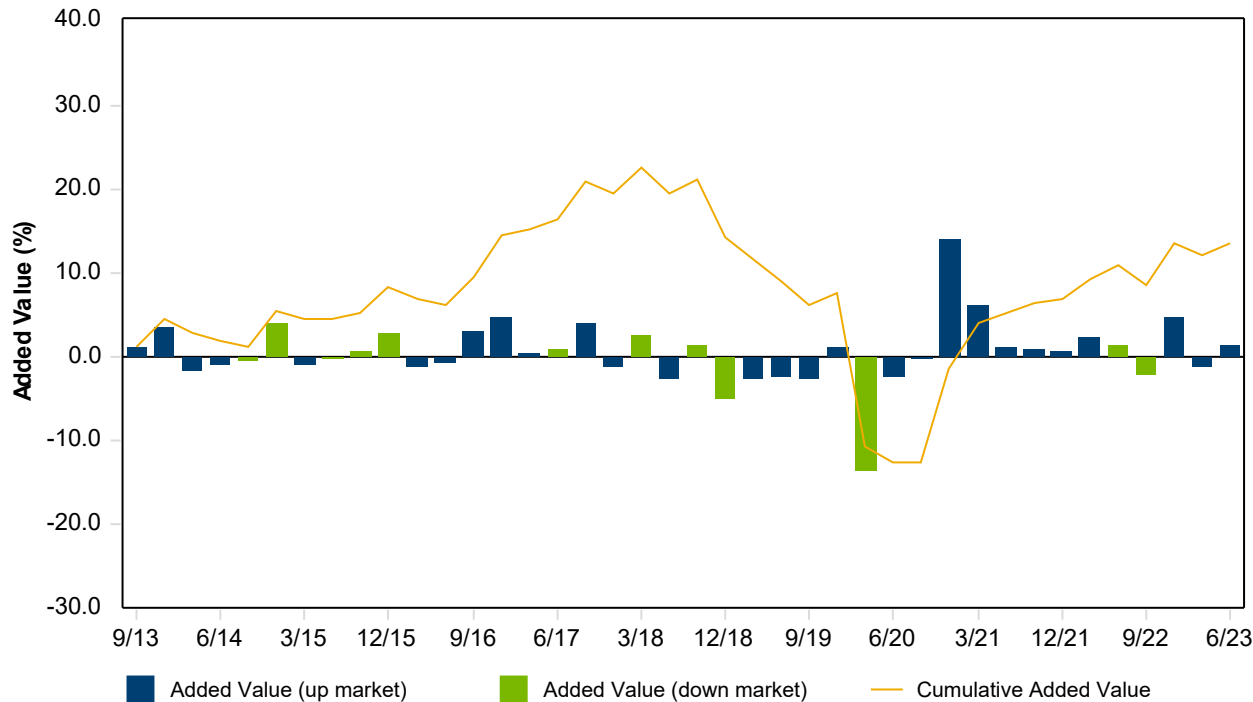
Letko Performance Summary

As of 30 June 2023

Return Summary



Added Value History (%)



Performance Statistics

	Quarters	%
<b>Market Capture</b>		
Up Markets	28	118.6
Down Markets	12	111.4
<b>Batting Average</b>		
Up Markets	28	53.6
Down Markets	12	58.3
Overall	40	55.0

Canadian Equity

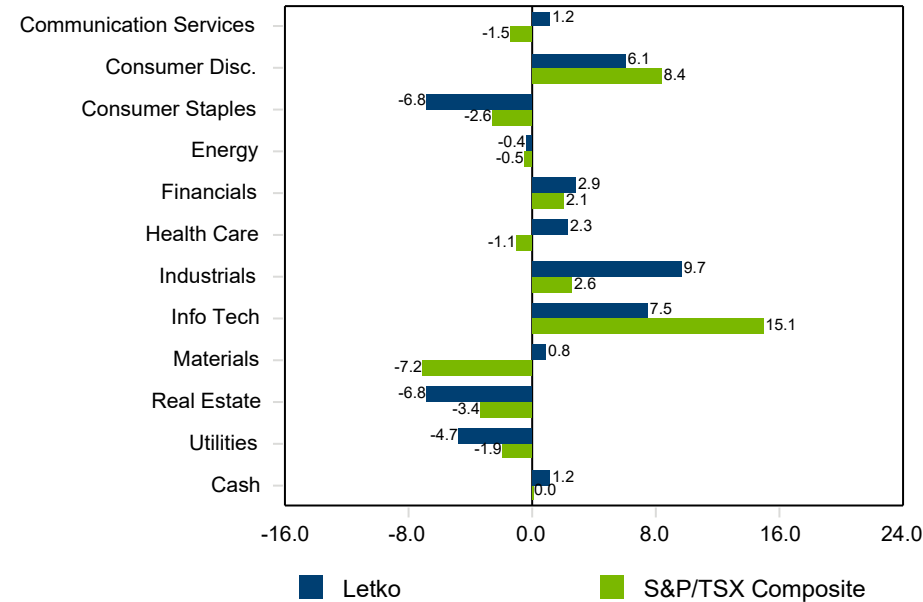
Letko Portfolio Characteristics

As of 30 June 2023

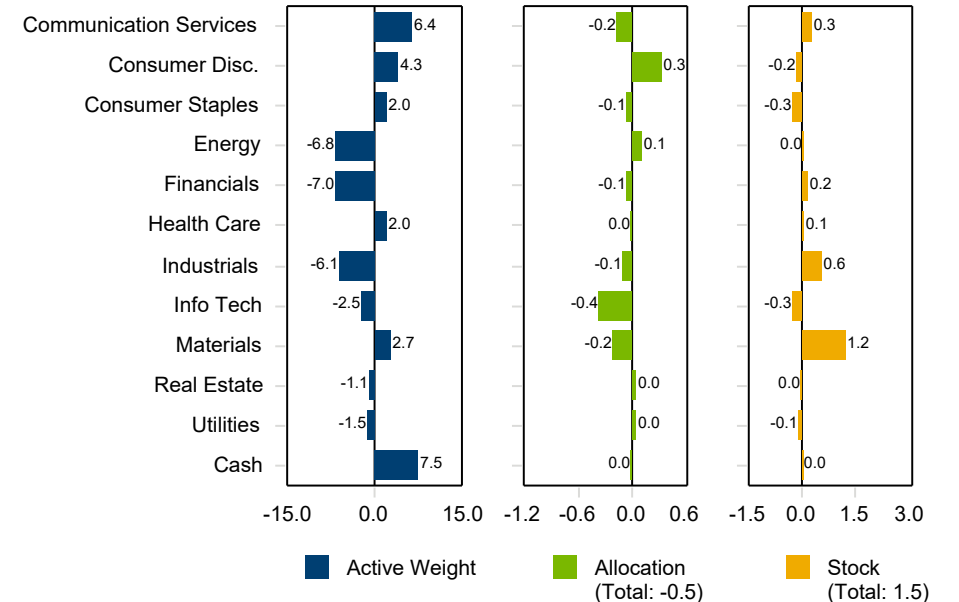
Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	52,408	60,375
Median Mkt. Cap (\$M)	11,747	3,962
Price/Earnings ratio	11.2	13.8
Price/Book ratio	1.6	2.0
5 Yr. EPS Growth Rate (%)	8.3	10.0
Current Yield (%)	3.5	3.3
Return on Equity (%)	3.3	3.9
Debt to Equity (%)	129.0	160.8
Number of Holdings	91	228

Manager Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Manulife Financial	3.39	1.60	1.79	2.41
Bank of Nova Scotia	2.85	2.76	0.09	-1.14
Canadian Tire	2.75	0.34	2.41	3.67
Toronto-Dominion Bank	2.71	5.22	-2.51	2.66
Celestica	2.69	0.07	2.62	10.33
Bank of Montreal	2.68	2.96	-0.28	0.55
Linamar	2.59	0.10	2.49	7.43
Air Canada	2.58	0.29	2.29	30.50
Rogers Communications	2.56	0.78	1.78	-2.68
George Weston	2.53	0.35	2.18	-12.14
% of Portfolio	27.33	14.47	12.86	

Sector Returns (%)



Sector Performance Attribution (%)



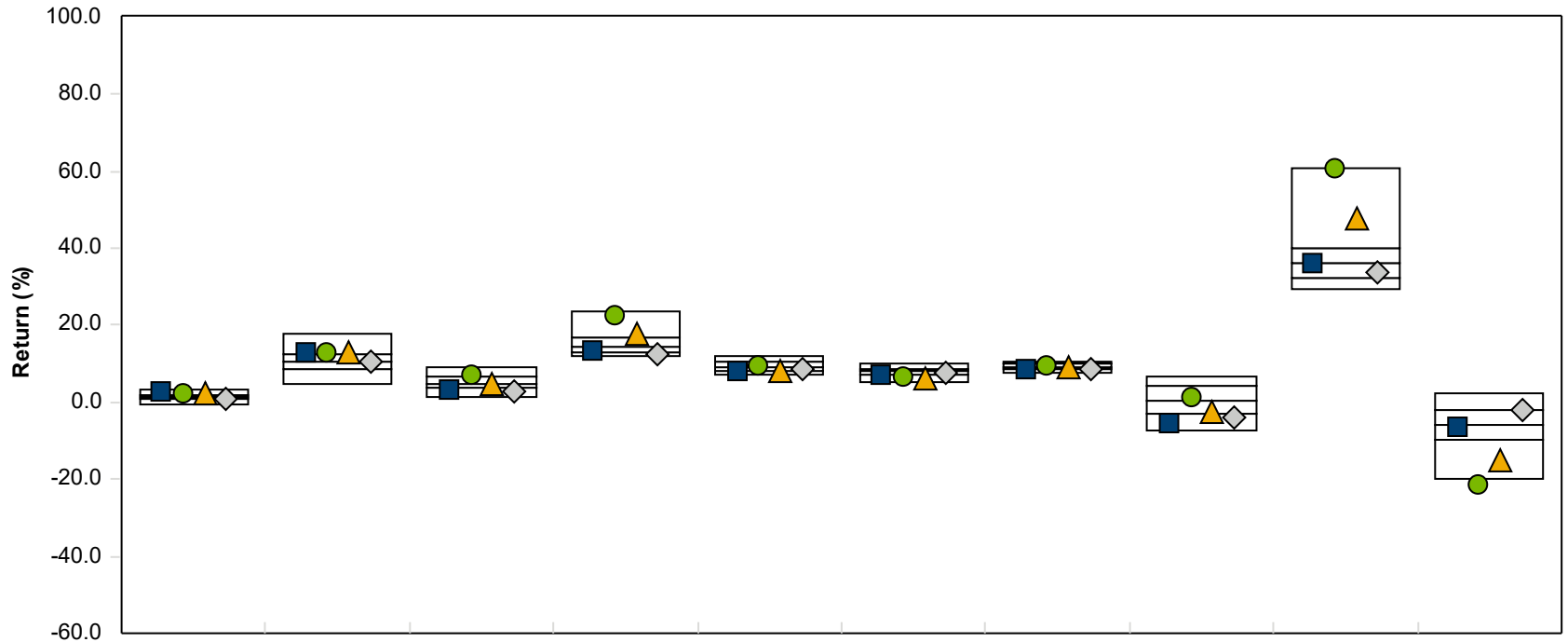


Canadian Equity

Peer Group Analysis

As of 30 June 2023

Canadian Equity



	1 Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years	1 Year Ending Jun-2022	1 Year Ending Jun-2021	1 Year Ending Jun-2020
■ Guardian	2.6 (13)	13.0 (23)	3.3 (85)	13.3 (71)	8.0 (85)	7.3 (75)	8.8 (64)	-5.6 (93)	36.2 (51)	-6.5 (55)
● Letko	2.5 (17)	13.0 (23)	7.0 (23)	22.6 (8)	9.7 (43)	6.5 (88)	9.8 (27)	1.4 (41)	61.0 (5)	-21.5 (99)
▲ Total Canadian Equities	2.5 (16)	13.0 (24)	5.0 (53)	17.6 (17)	8.4 (72)	6.4 (89)	9.2 (47)	-2.5 (73)	47.6 (17)	-15.1 (92)
◆ S&P/TSX Composite	1.1 (57)	10.4 (56)	3.0 (87)	12.4 (83)	8.6 (70)	7.6 (64)	8.4 (80)	-3.9 (86)	33.9 (63)	-2.2 (30)
5th Percentile	3.4	17.9	9.3	23.5	12.1	10.3	10.5	6.5	60.6	2.3
1st Quartile	1.9	12.7	6.9	16.9	10.6	8.8	9.9	4.2	40.3	-1.8
Median	1.3	10.7	5.0	14.4	9.2	8.0	9.2	0.3	36.2	-5.7
3rd Quartile	0.8	8.7	4.0	12.9	8.3	7.3	8.5	-2.9	32.5	-9.5
95th Percentile	-0.7	4.5	1.4	11.9	7.4	5.5	7.6	-7.2	29.4	-19.7
Population	83	83	83	83	83	83	83	85	86	90

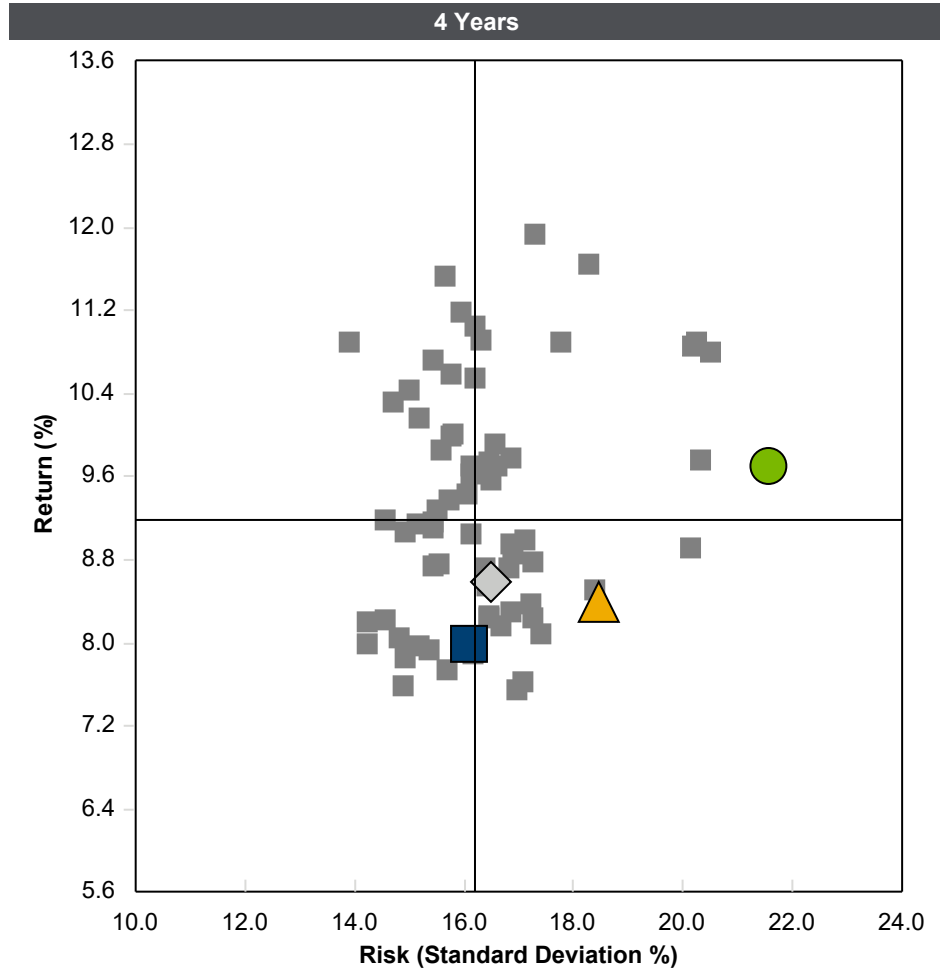
Parentheses contain percentile rankings.  
 Source: Aon Manager Universe

Canadian Equity

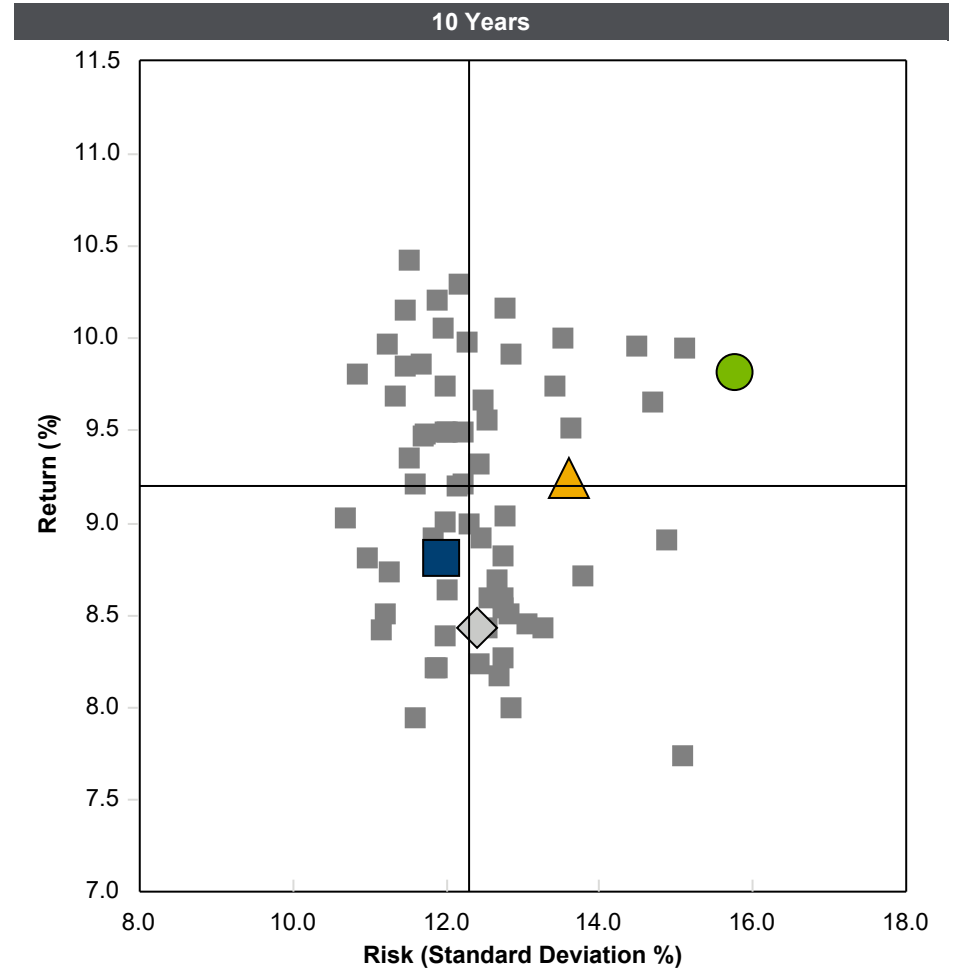
Peer Group Scattergram

Periods Ending 30 June 2023

Canadian Equity



	Return	Standard Deviation
Guardian	8.0	16.1
Letko	9.7	21.5
Canadian Equity	8.4	18.4
S&P/TSX Composite	8.6	16.5
— Median	9.2	16.2

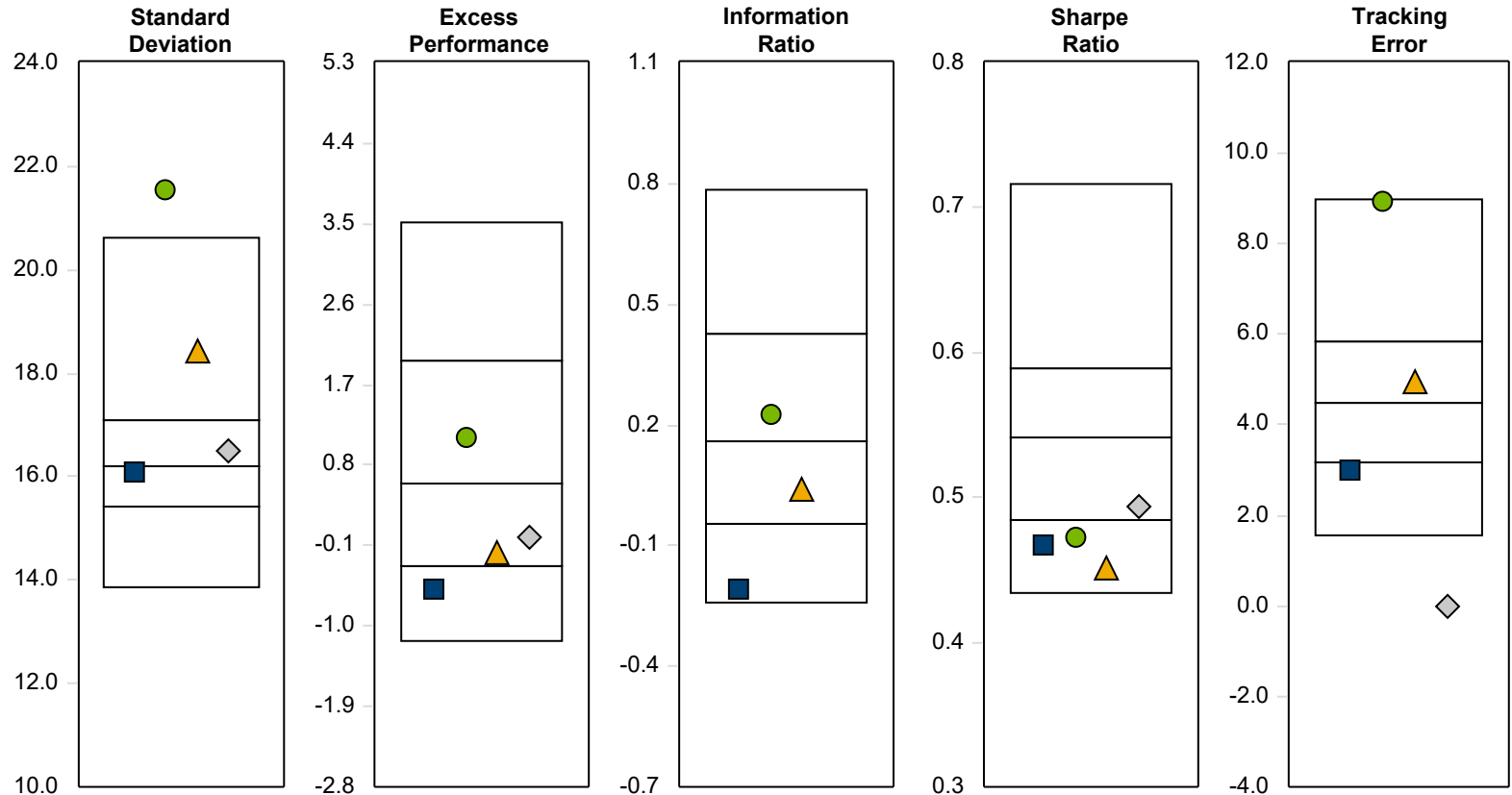


	Return	Standard Deviation
Guardian	8.8	11.9
Letko	9.8	15.8
Canadian Equity	9.2	13.6
S&P/TSX Composite	8.4	12.4
— Median	9.2	12.3

Source: Aon Manager Universe

Peer Group Analysis - Performance Statistics

As of 30 June 2023



	4 Years	4 Years	4 Years	4 Years	4 Years
■ Guardian	16.1 (57)	-0.6 (85)	-0.2 (91)	0.5 (86)	3.0 (77)
● Letko	21.5 (3)	1.1 (43)	0.2 (45)	0.5 (83)	9.0 (6)
▲ Total Canadian Equities	18.4 (14)	-0.2 (72)	0.0 (66)	0.5 (94)	5.0 (40)
◆ S&P/TSX Composite	16.5 (42)	0.0 (70)	N/A	0.5 (70)	0.0 (100)
5th Percentile	20.6	3.5	0.8	0.7	9.0
1st Quartile	17.1	2.0	0.4	0.6	5.9
Median	16.2	0.6	0.2	0.5	4.5
3rd Quartile	15.4	-0.3	0.0	0.5	3.2
95th Percentile	13.9	-1.2	-0.2	0.4	1.6

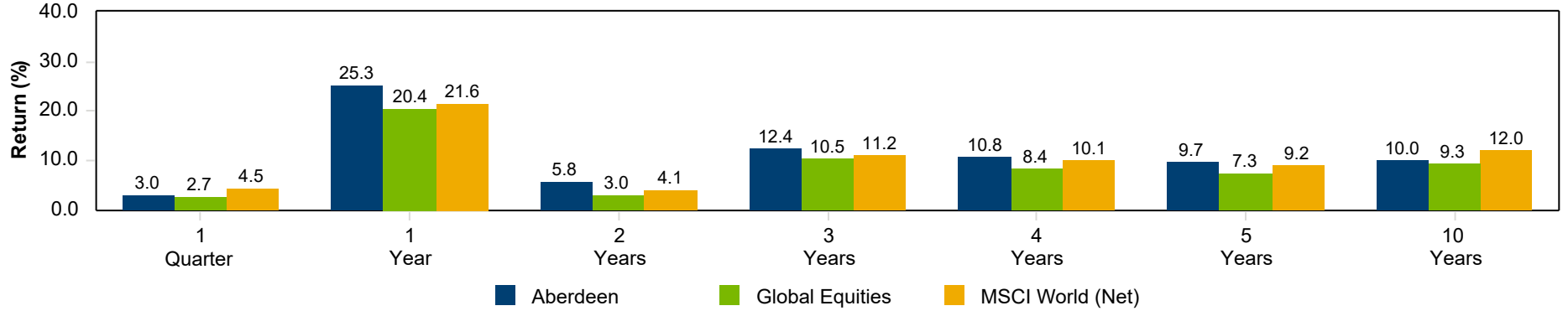
Parentheses contain percentile rankings.  
 Source: Aon Manager Universe

Global Equity

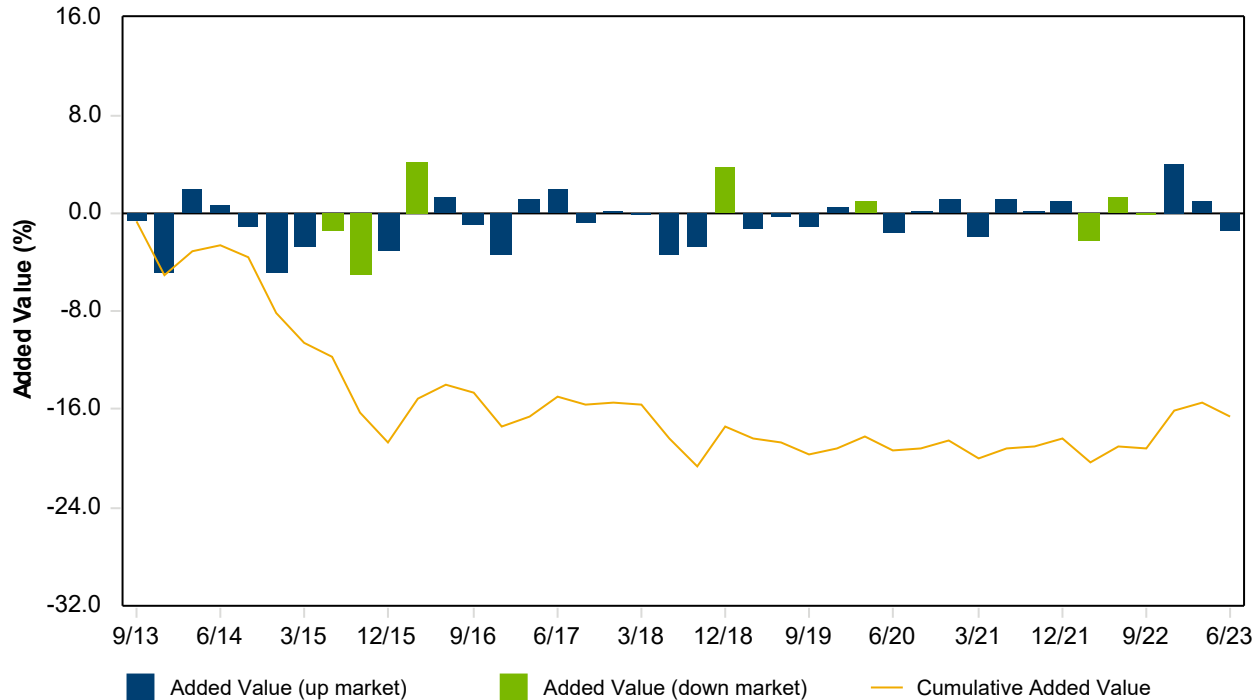
Aberdeen Performance Summary

As of 30 June 2023

Return Summary



Added Value History (%)



Performance Statistics

	Quarters	%
<b>Market Capture</b>		
Up Markets	32	88.2
Down Markets	8	97.4
<b>Batting Average</b>		
Up Markets	32	43.8
Down Markets	8	50.0
Overall	40	45.0

Global Equity

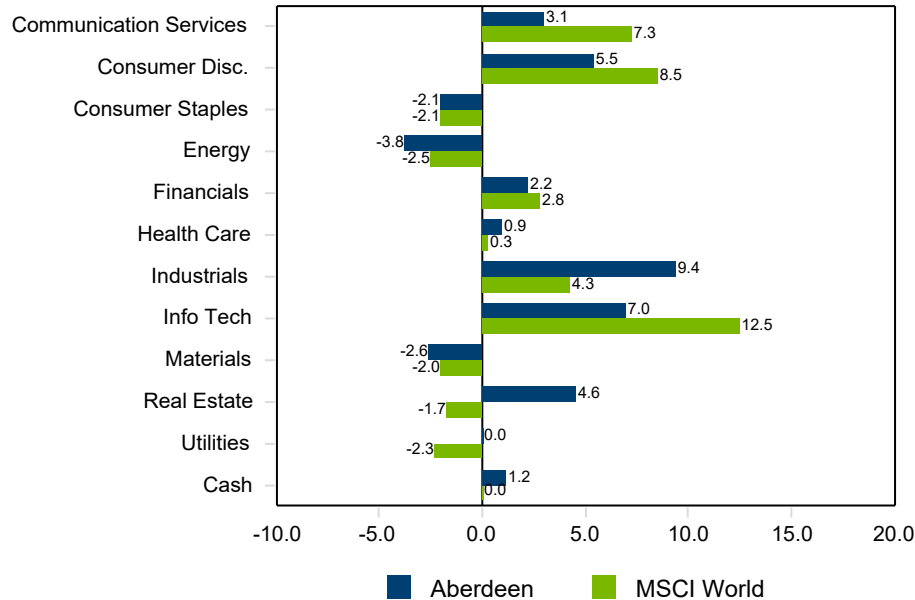
**Aberdeen Portfolio Characteristics**

As of 30 June 2023

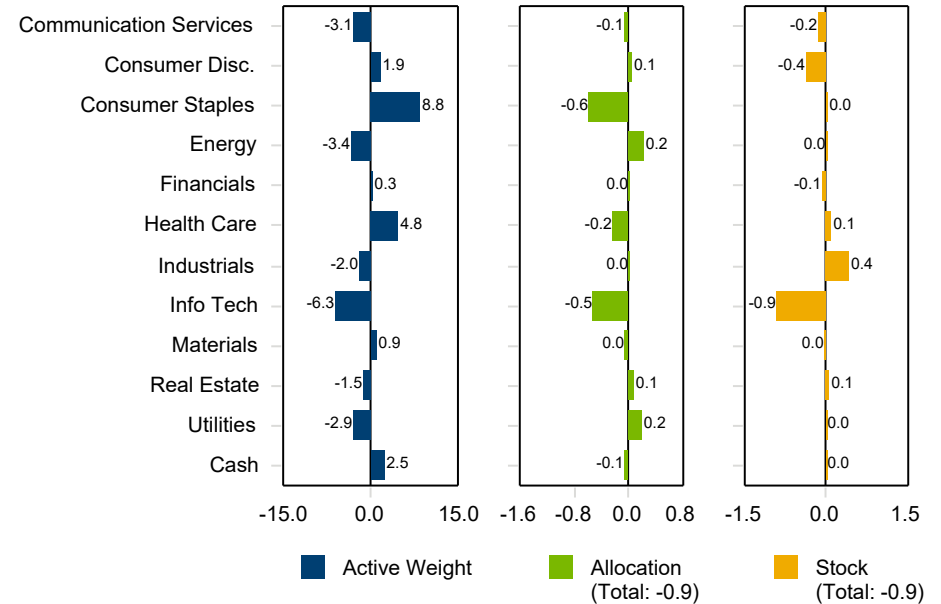
Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	455,414	626,687
Median Mkt. Cap (\$M)	154,740	22,817
Price/Earnings ratio	27.3	19.4
Price/Book ratio	4.6	3.7
5 Yr. EPS Growth Rate (%)	13.4	14.7
Current Yield (%)	1.7	2.1
Return on Equity (%)	7.3	5.9
Debt to Equity (%)	82.6	75.1
Number of Holdings	48	1,512

Manager Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Microsoft	4.91	4.24	0.67	15.74
Amazon.com	3.34	2.12	1.22	23.40
TJX Companies	3.25	0.17	3.08	6.25
Taiwan Semiconductor ADR	3.13	0.00	3.13	6.08
Schneider Electric	3.11	0.17	2.94	8.51
Boston Scientific Corp	3.06	0.14	2.92	5.71
Diageo	2.88	0.17	2.71	-6.00
Novo Nordisk	2.87	0.47	2.40	-0.54
LVMH	2.85	0.46	2.39	1.14
AstraZeneca	2.83	0.39	2.44	0.93
<b>% of Portfolio</b>	<b>32.23</b>	<b>8.33</b>	<b>23.90</b>	

**Sector Returns (%)**



**Sector Performance Attribution (%)**

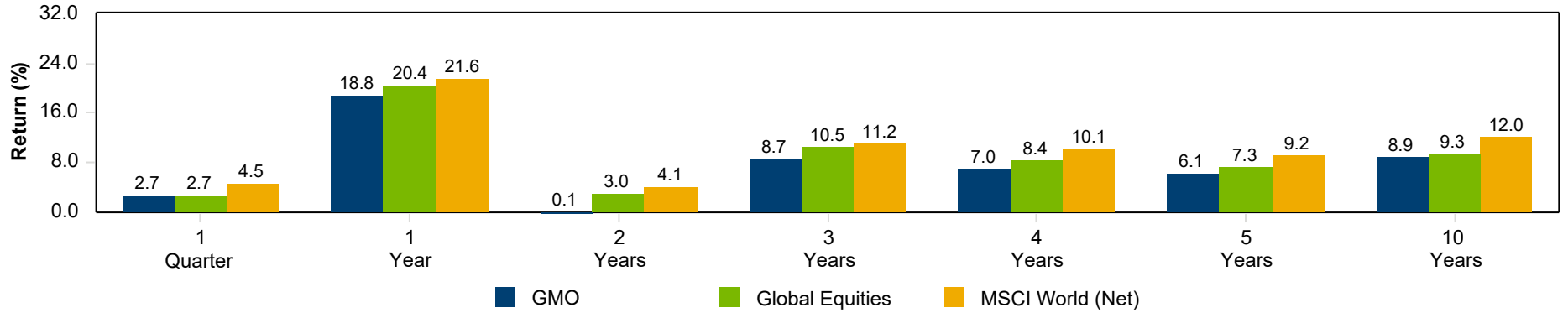


Global Equity

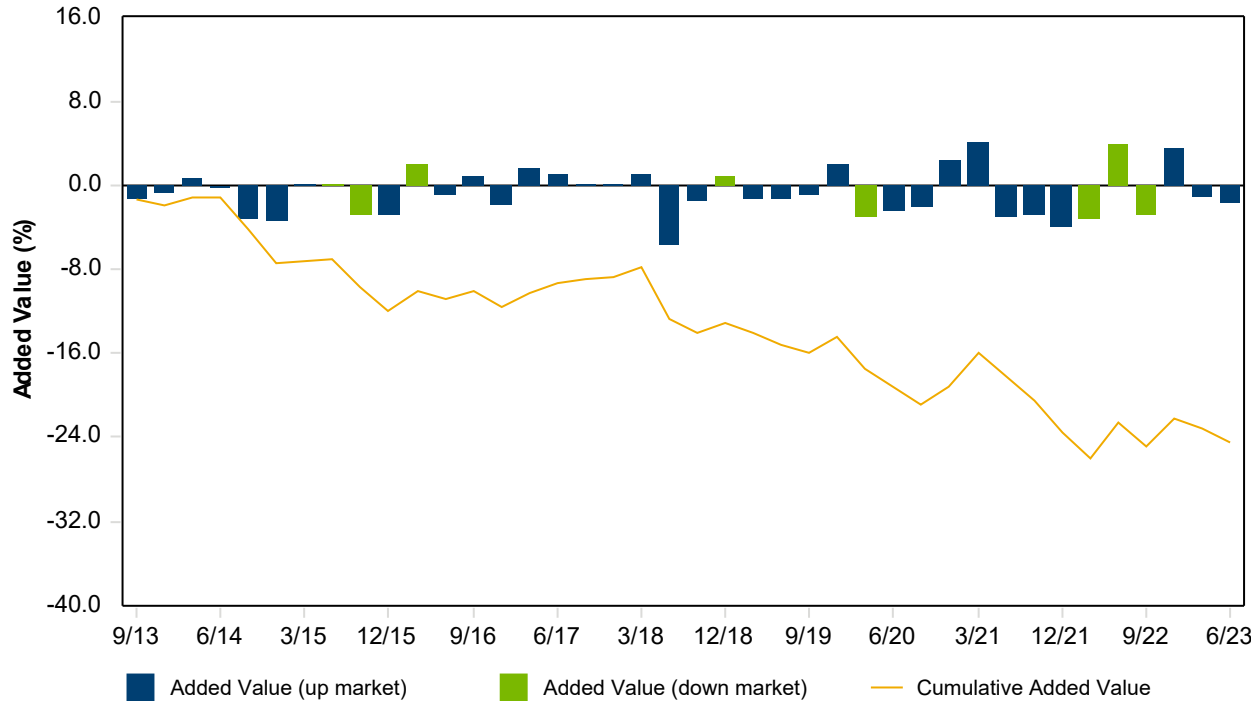
GMO Performance Summary

As of 30 June 2023

Return Summary



Added Value History (%)



Performance Statistics

	Quarters	%
<b>Market Capture</b>		
Up Markets	32	86.6
Down Markets	8	109.1
<b>Batting Average</b>		
Up Markets	32	37.5
Down Markets	8	50.0
Overall	40	40.0

Global Equity

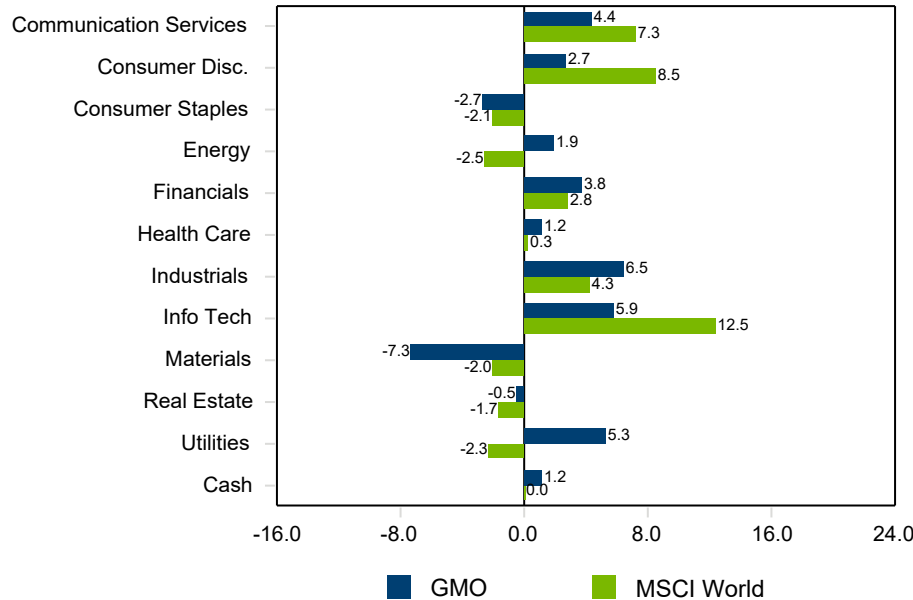
GMO Portfolio Characteristics

As of 30 June 2023

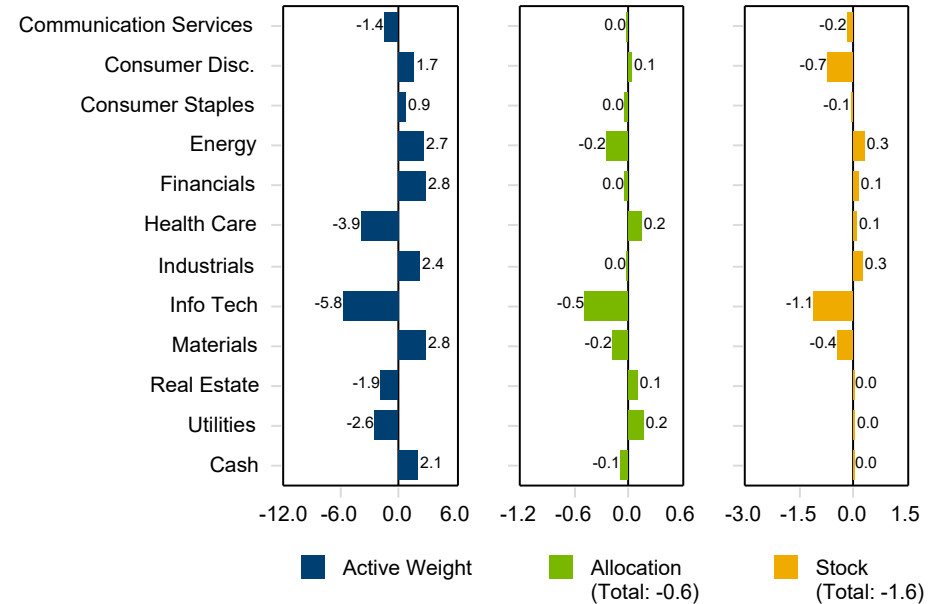
Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	200,083	626,687
Median Mkt. Cap (\$M)	5,480	22,817
Price/Earnings ratio	9.8	19.4
Price/Book ratio	2.3	3.7
5 Yr. EPS Growth Rate (%)	15.8	14.7
Current Yield (%)	4.6	2.1
Return on Equity (%)	4.1	5.9
Debt to Equity (%)	95.2	75.1
Number of Holdings	1,429	1,512

Manager Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Facebook	1.17	1.12	0.05	32.40
Microsoft	1.03	4.24	-3.21	15.74
Roche	0.99	0.38	0.61	4.64
Taiwan Semiconductor	0.99	0.00	0.99	3.30
Total	0.90	0.24	0.66	-3.78
Google	0.83	1.26	-0.43	12.83
Samsung Electronics	0.79	0.00	0.79	8.98
Petroleo Brasileiro	0.77	0.00	0.77	61.23
Sanofi	0.73	0.21	0.52	-0.18
Merck & Company	0.72	0.52	0.20	6.76
% of Portfolio	8.92	7.97	0.95	

Sector Returns (%)



Sector Performance Attribution (%)

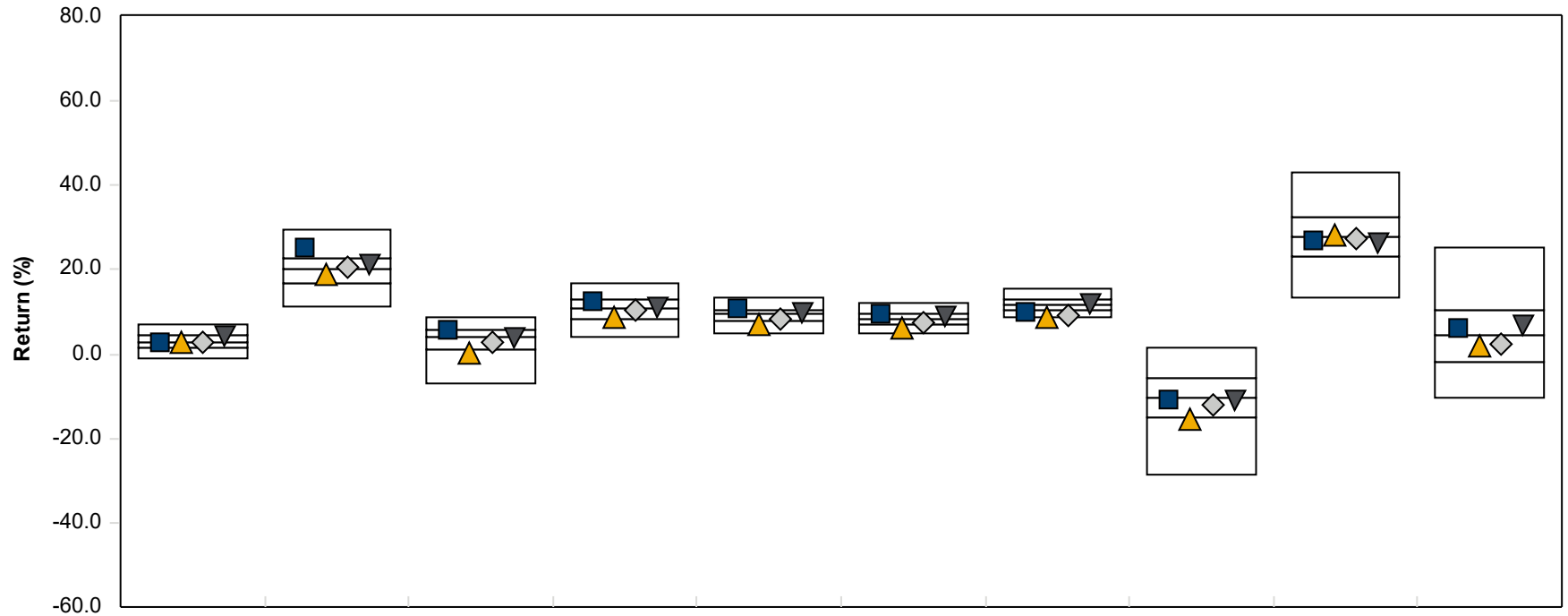


Global Equity

Peer Group Analysis

As of 30 June 2023

Global Equity



	1 Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years	1 Year Ending Jun-2022	1 Year Ending Jun-2021	1 Year Ending Jun-2020
■ Aberdeen	3.0 (49)	25.3 (13)	5.8 (25)	12.4 (31)	10.8 (23)	9.7 (25)	10.0 (83)	-10.7 (52)	27.0 (59)	6.0 (45)
▲ GMO	2.7 (54)	18.8 (63)	0.1 (80)	8.7 (73)	7.0 (83)	6.1 (83)	8.9 (94)	-15.7 (79)	28.3 (49)	1.9 (64)
◆ Global Equities	2.7 (54)	20.4 (45)	3.0 (61)	10.5 (55)	8.4 (64)	7.3 (67)	9.3 (91)	-11.9 (61)	27.3 (56)	2.3 (62)
▼ MSCI World (Net)	4.5 (27)	21.6 (33)	4.1 (49)	11.2 (48)	10.1 (37)	9.2 (35)	12.0 (48)	-10.8 (53)	26.6 (60)	6.9 (40)
5th Percentile	7.1	29.5	8.9	16.8	13.3	12.1	15.4	1.4	43.0	25.4
1st Quartile	4.5	22.8	5.8	12.9	10.6	9.7	13.1	-5.9	32.6	10.3
Median	2.9	20.1	4.0	11.0	9.4	8.3	11.9	-10.5	28.0	4.5
3rd Quartile	1.4	16.9	1.0	8.3	7.7	6.9	10.5	-14.9	23.1	-1.9
95th Percentile	-1.2	11.3	-7.1	4.0	5.1	4.7	8.9	-28.7	13.5	-10.4
Population	265	265	265	265	265	265	265	285	303	342

Parentheses contain percentile rankings.  
 Source: Aon Manager Universe

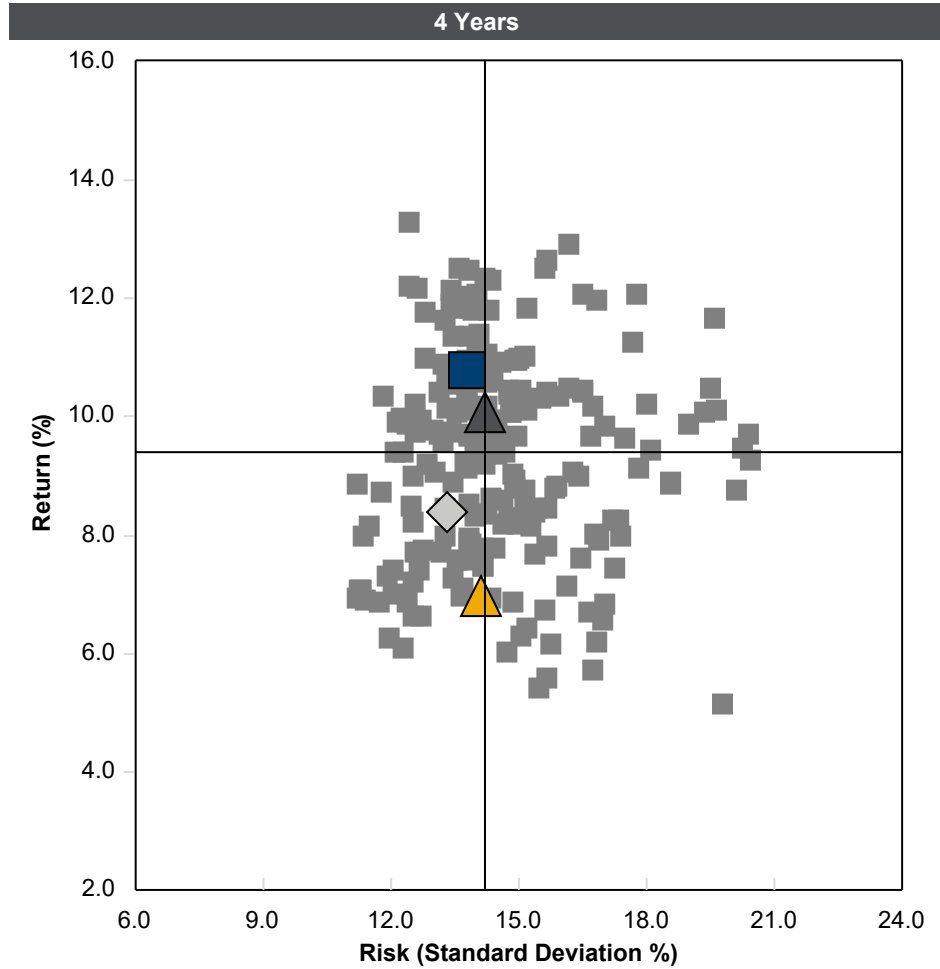


Global Equity

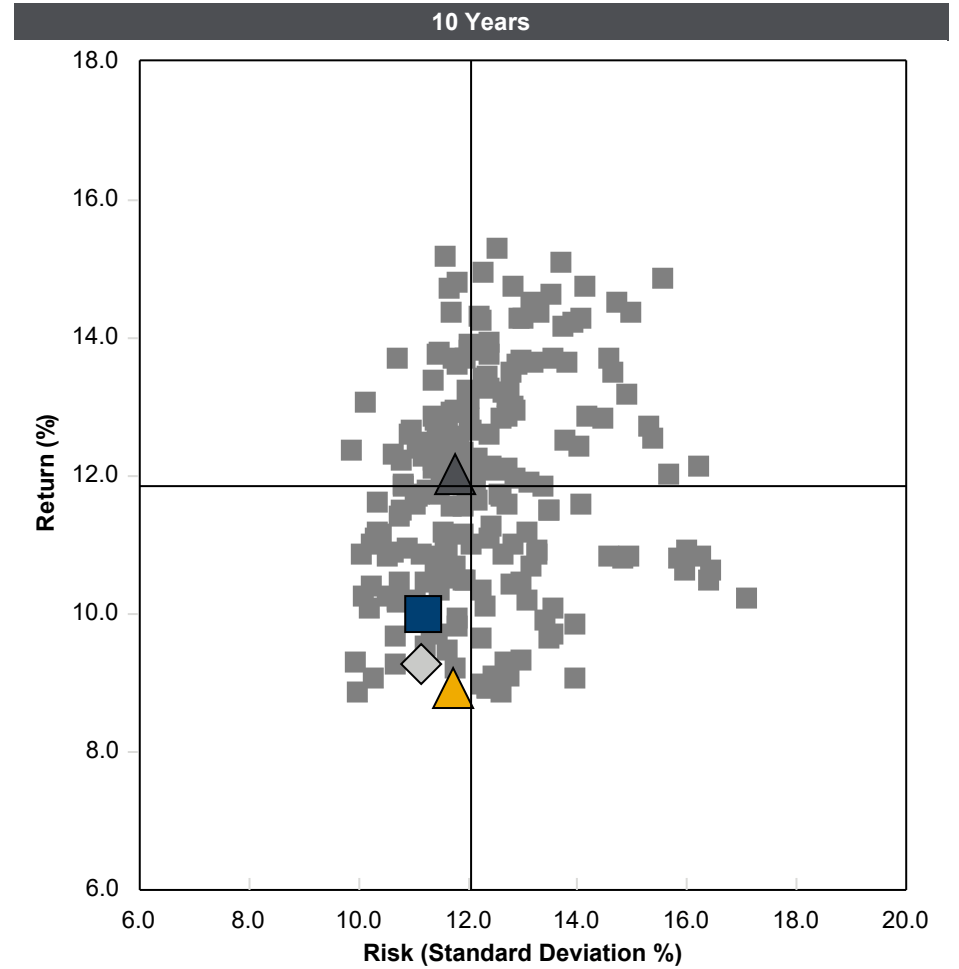
Peer Group Scattergram

Periods Ending 30 June 2023

Global Equity



	Return	Standard Deviation
■ Aberdeen	10.8	13.8
▲ GMO	7.0	14.1
◇ Global Equities	8.4	13.3
▲ MSCI World (Net)	10.1	14.2
— Median	9.4	14.2



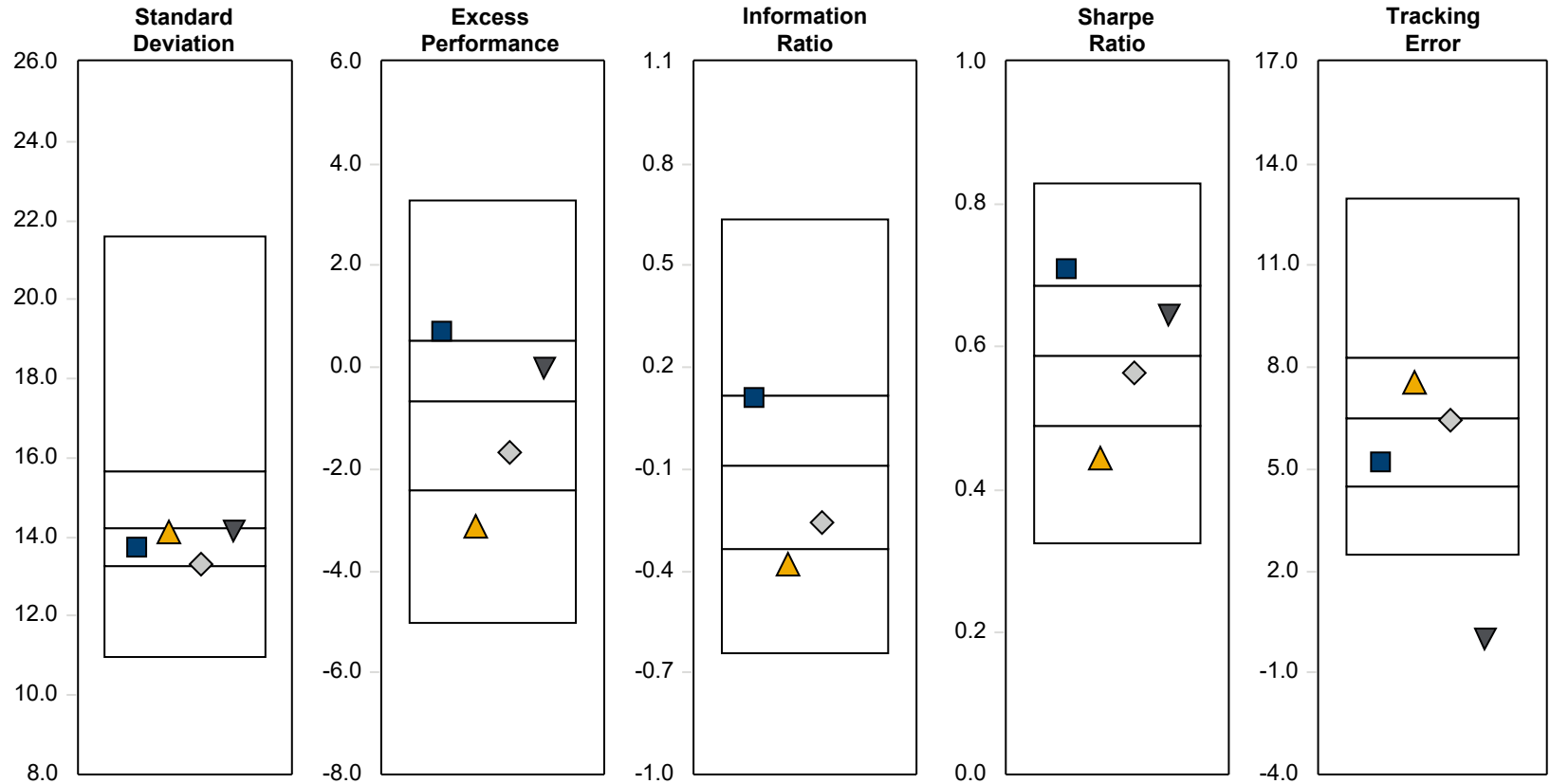
	Return	Standard Deviation
■ Aberdeen	10.0	11.2
▲ GMO	8.9	11.7
◇ Global Equities	9.3	11.1
▲ MSCI World (Net)	12.0	11.8
— Median	11.9	12.0

Source: Aon Manager Universe

Global Equity

Peer Group Analysis - Performance Statistics

As of 30 June 2023



	4 Years	4 Years	4 Years	4 Years	4 Years
■ Aberdeen	13.8 (65)	0.7 (23)	0.1 (26)	0.7 (20)	5.2 (64)
▲ GMO	14.1 (54)	-3.1 (83)	-0.4 (80)	0.4 (85)	7.6 (35)
◇ Global Equities	13.3 (73)	-1.7 (64)	-0.3 (67)	0.6 (53)	6.5 (51)
▼ MSCI World (Net)	14.2 (52)	0.0 (37)	N/A	0.6 (35)	0.0 (100)
5th Percentile	21.6	3.3	0.6	0.8	13.0
1st Quartile	15.7	0.5	0.1	0.7	8.3
Median	14.2	-0.7	-0.1	0.6	6.5
3rd Quartile	13.3	-2.4	-0.3	0.5	4.5
95th Percentile	11.0	-5.0	-0.6	0.3	2.5

Parentheses contain percentile rankings.  
 Source: Aon Manager Universe

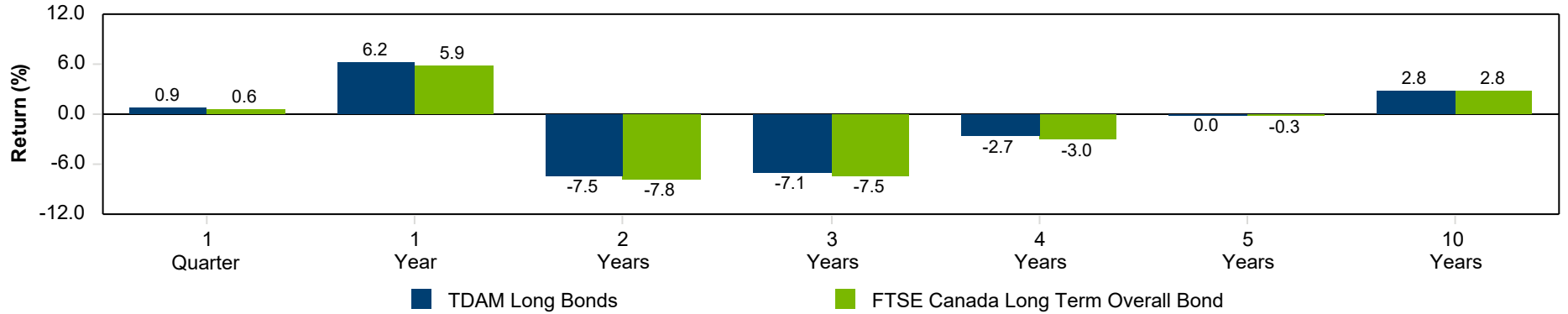


Bonds

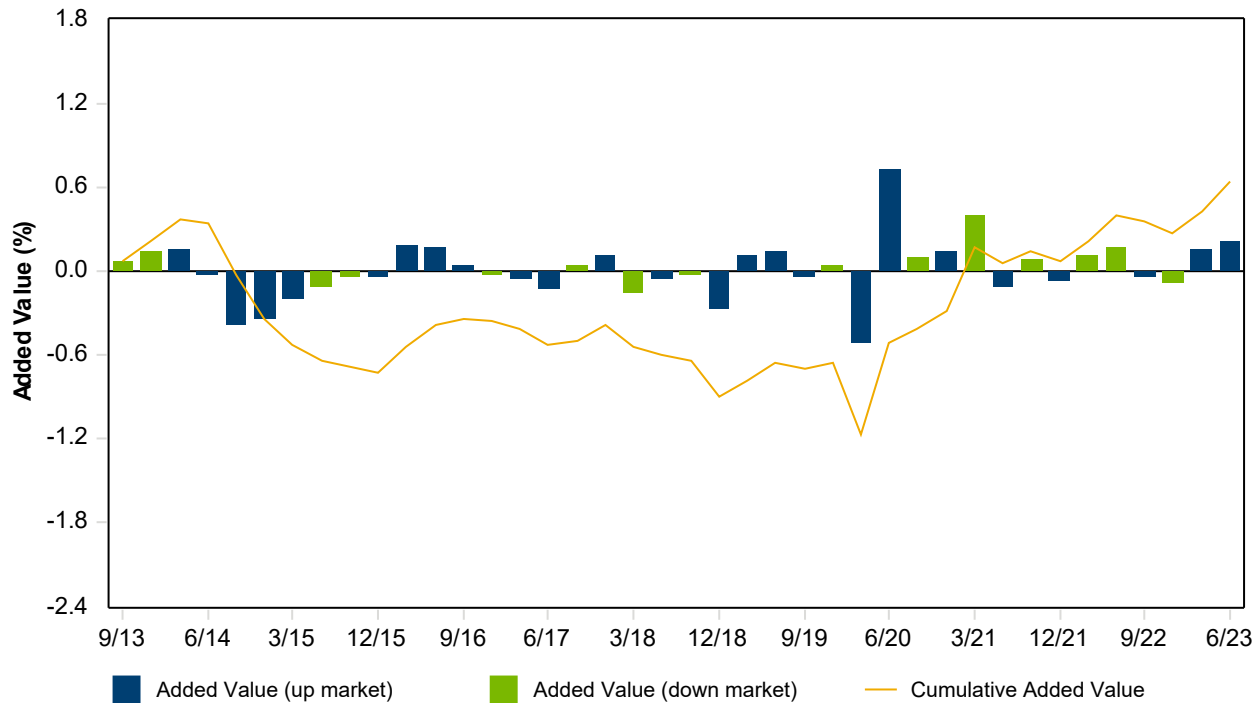
TDAM Long Bonds Performance Summary

As of 30 June 2023

Return Summary



Added Value History (%)



Performance Statistics

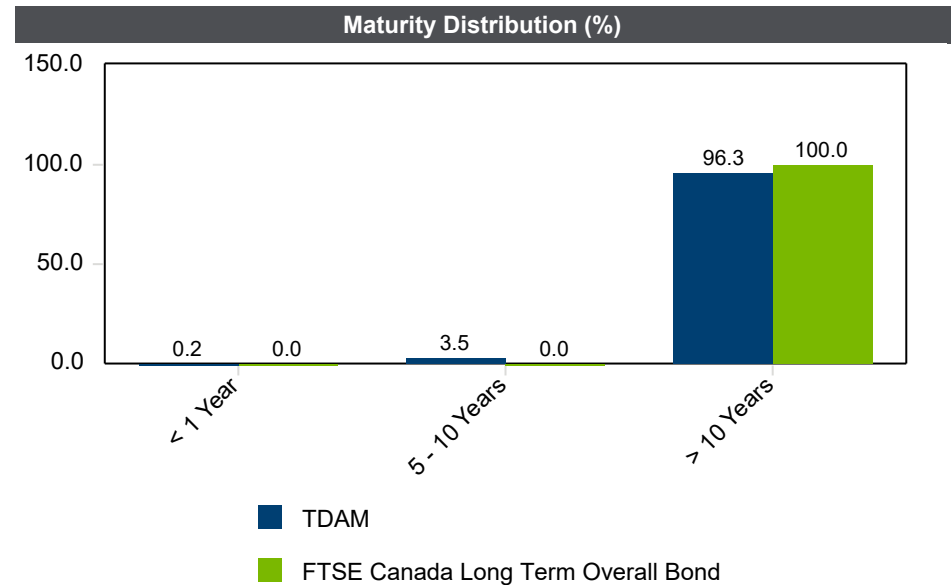
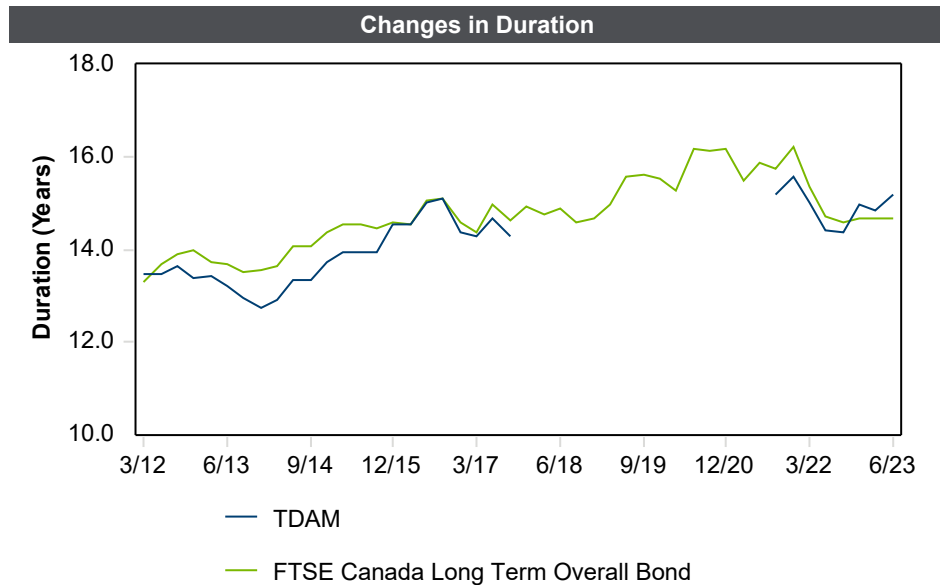
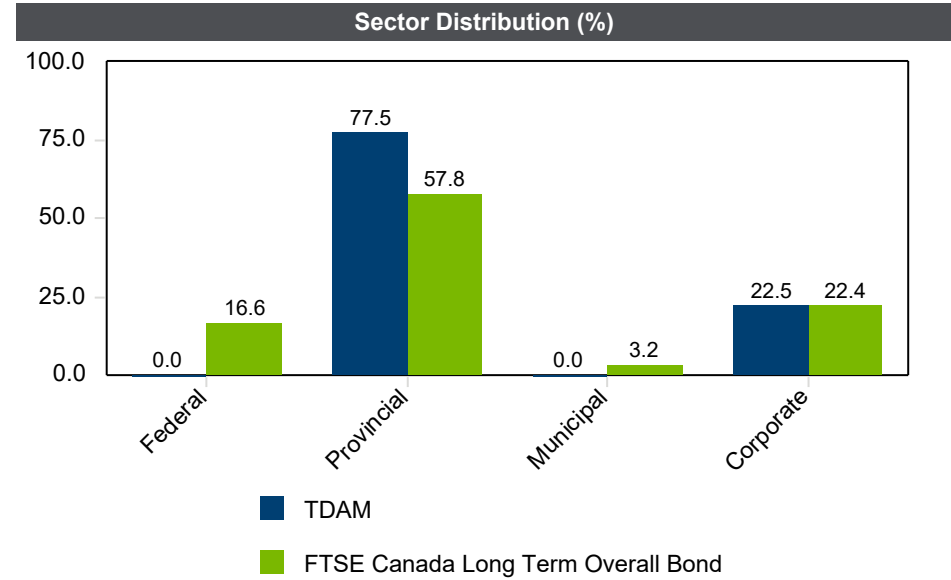
	Quarters	%
<b>Market Capture</b>		
Up Markets	25	99.9
Down Markets	15	98.8
<b>Batting Average</b>		
Up Markets	25	44.0
Down Markets	15	60.0
Overall	40	50.0

Bonds

**TDAM Long Bond Fund Characteristics**

As of 30 June 2023

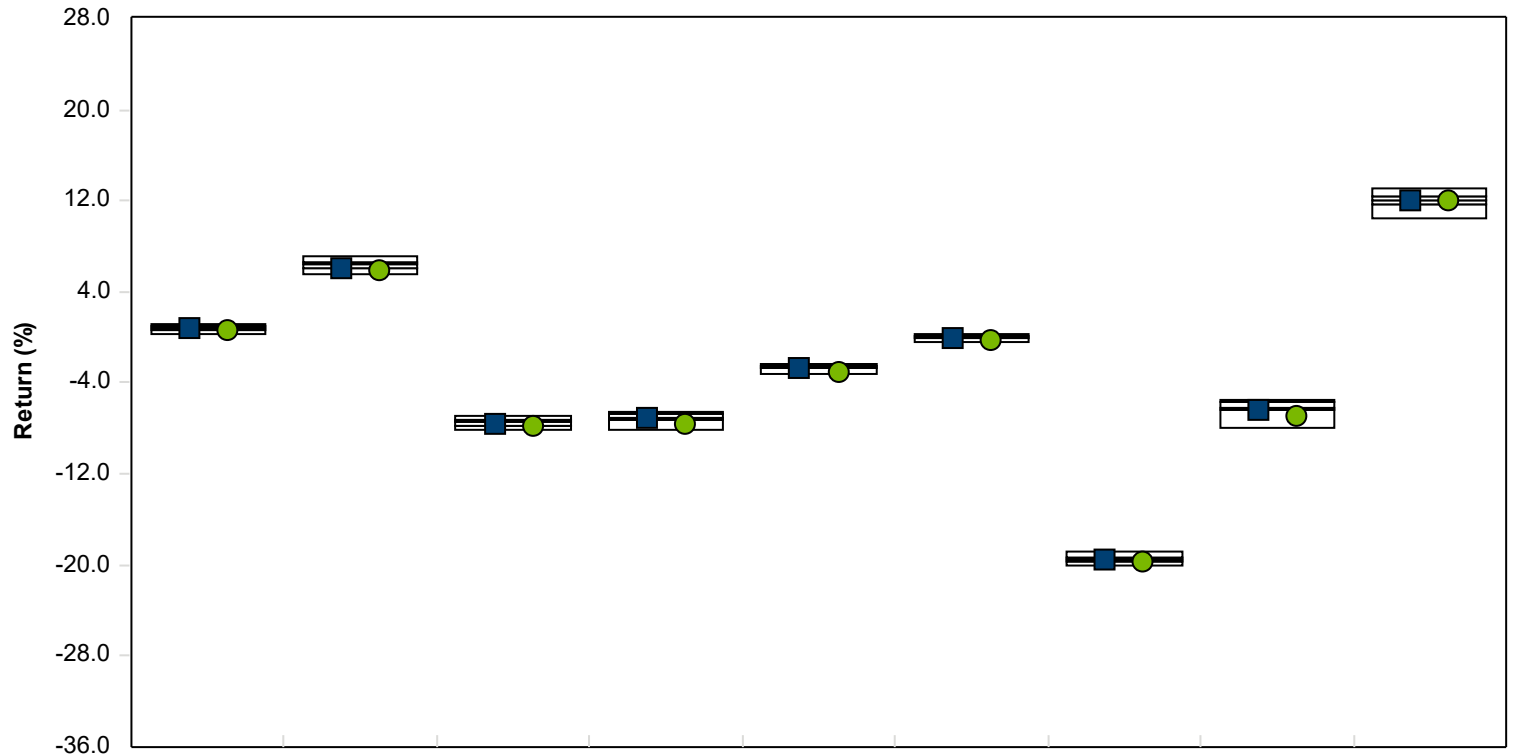
Portfolio Characteristics		
	Portfolio	Benchmark
Modified Duration	15.2	14.7
Avg. Maturity	22.5	23.3
Avg. Quality	AA	AA-
Yield To Maturity (%)	4.1	4.3



Bonds

Peer Group Analysis

As of 30 June 2023  
 Canadian Long Bond



	1 Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	1 Year Ending Jun-2022	1 Year Ending Jun-2021	1 Year Ending Jun-2020
■ TDAM Long Bonds	0.9 (42)	6.2 (65)	-7.5 (61)	-7.1 (71)	-2.7 (69)	0.0 (74)	-19.5 (37)	-6.4 (72)	12.1 (47)
● FTSE Canada Long Term Overall Bond	0.6 (83)	5.9 (92)	-7.8 (92)	-7.5 (91)	-3.0 (92)	-0.3 (92)	-19.7 (77)	-6.9 (91)	12.0 (60)
5th Percentile	1.2	7.2	-6.9	-6.6	-2.3	0.3	-18.8	-5.5	13.0
1st Quartile	1.0	6.7	-7.3	-6.8	-2.4	0.2	-19.4	-5.7	12.5
Median	0.8	6.5	-7.4	-7.1	-2.6	0.0	-19.6	-6.3	12.1
3rd Quartile	0.7	6.1	-7.7	-7.2	-2.7	0.0	-19.7	-6.4	11.7
95th Percentile	0.3	5.5	-8.1	-8.1	-3.3	-0.5	-20.1	-7.9	10.4
Population	18	18	18	18	18	18	19	20	20

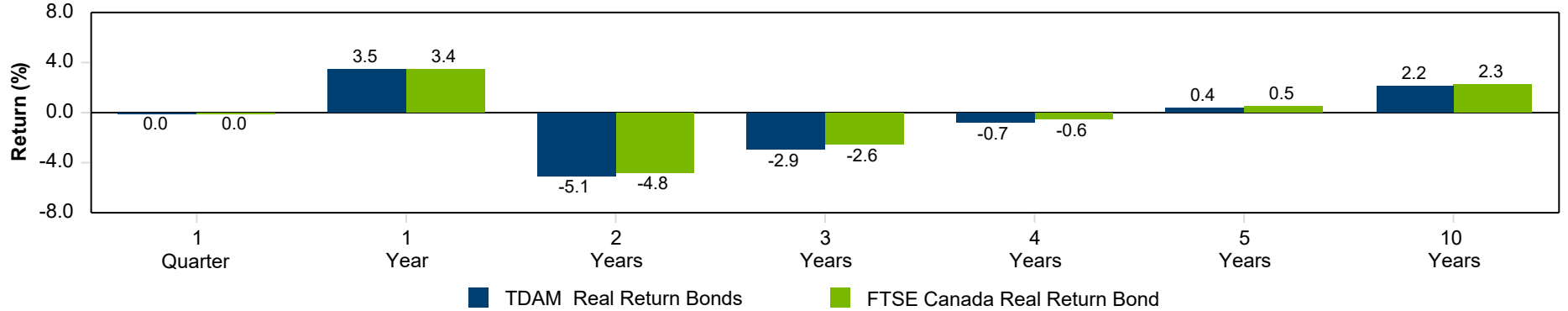
Parentheses contain percentile rankings.  
 Source: Aon Manager Universe

Bonds

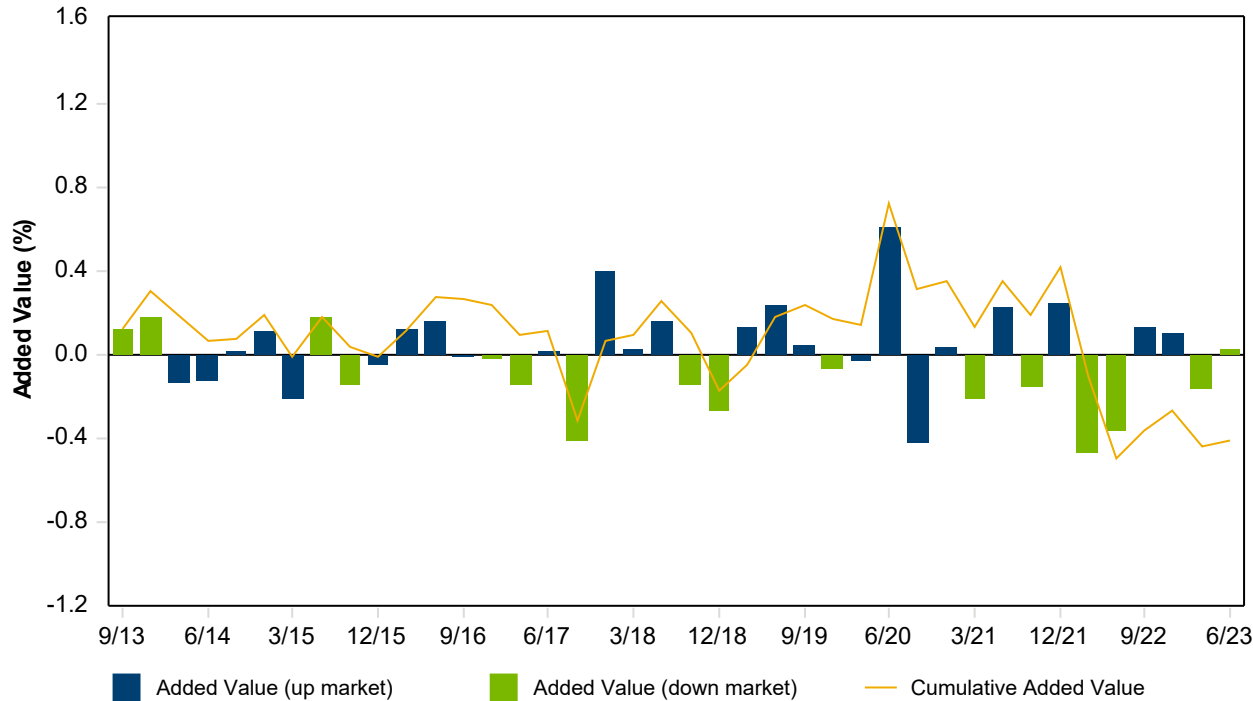
**TDAM Real Return Bonds Performance Summary**

As of 30 June 2023

**Return Summary**



**Added Value History (%)**



**Performance Statistics**

	Quarters	%
<b>Market Capture</b>		
Up Markets	24	102.5
Down Markets	16	104.3
<b>Batting Average</b>		
Up Markets	24	70.8
Down Markets	16	25.0
Overall	40	52.5

## Appendix A - Plan Information

Plan Information

Summary of Investment Objective

The investment policy contains specific performance objectives for the fund and the investment managers.

All investment rates of return are measured over moving four-year periods. Return objectives are net of fees and include realized and unrealized capital gains or losses plus income from all sources.

Returns will be calculated on a time-weighted basis and compared to the objectives described below.

The objective of the total fund is to outperform a benchmark portfolio that is comprised of the following weightings:

	1 April 2022 to 31 March 2023	1 October 2021 to 31 March 2022	1 July 2021 to 30 September 2021	1 April 2021 to 30 June 2021	1 January 2021 to 30 March 2021	1 July 2020 to 31 December 2020	1 April 2020 to 30 June 2020	1 January 2020 to 31 March 2020	1 April 2019 to 31 December 2019	1 January 2019 to 31 March 2019	1 October 2018 to 31 December 2018
S&P/TSX Composite	23%	20%	21%	23%	27%	28%	30%	24%	26%	27%	28%
MSCI World (C\$)	22%	19%	21%	22%	27%	28%	30%	25%	25%	26%	28%
FTSE Canada Long Bond	20%	18%	19%	20%	23%	23%	25%	21%	21%	22%	23%
FTSE Canada Real Return Bond	35%	43%	39%	35%	23%	21%	15%	31%	28%	25%	21%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

	1 April 2018 to 30 September 2018	1 January 2018 to 31 March 2018	1 October 2017 to 31 December 2017	1 July 2014 to 30 September 2017	1 April 2012 to 30 June 2014	1 July 2011 to 31 March 2012	1 January 2008 to 30 June 2011	1 July 2006 to 31 December 2007	Up to 30 June 2006
S&P/TSX Composite	27%	27%	27%	28%	30%	30%	30%	30%	25%
MSCI World (C\$)	26%	27%	26%	28%	30%	30%	0%	0%	0%
MSCI World ex. Cda (C\$)	22%	23%	0%	0%	0%	0%	15%	15%	18%
S&P 500 - hedged to C\$	25%	23%	0%	0%	0%	0%	5%	8%	9%
MSCI EAFE - hedged to C\$	<b>100%</b>	<b>100%</b>	0%	0%	0%	0%	5%	8%	9%
FTSE Canada Universe Bond			0%	0%	0%	40%	45%	40%	40%
FTSE Canada Long Bond			22%	22%	25%	0%	0%	0%	0%
FTSE Canada Real Return Bond			25%	22%	15%	0%	0%	0%	0%
			<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



## Appendix B - Manager Updates

## Manager Updates

### Manager Updates

As of 30 June 2023

#### Aberdeen Standard Investments

##### Q2 2023

##### **Business**

There were no significant events during the quarter.

##### **Staff**

- Rene Buehlmann was appointed Global CEO of the Investment business in May 2023, succeeding Chris Demetriou, who had opted to leave the organization.
- Ian Jenkins was named interim chief financial officer in May 2023, taking Stephanie Bruce's place after she announced her resignation.

#### GMO

##### Q2 2023

##### **Business**

During Q2 2023, the GMO International Opportunistic Value Strategy was launched.

##### **Staff**

There we no significant events.

## Manager Updates

### Manager Updates

As of 30 June 2023

#### Guardian Capital

##### Q2 2023

##### **Business**

There was no significant events.

##### **Staff**

There was no significant events.

#### Letko, Brosseau & Associates Inc. ("Letko, Brosseau")

##### Q2 2023

##### **Business**

There were no significant events.

##### **Staff**

There were no significant events.

**Manager Updates****Manager Updates**

As of 30 June 2023

**TD Asset Management ("TDAM")****Q2 2023****Business**

The TD Greystone Alternative Plus Fund was launched on 19 April 2023.

James Hunter CFA, Vice President, has moved from his current role as Financial Analyst to become lead Portfolio Manager of TD's Preferred Share mandates.

Doug Warwick, Managing Director, has moved from lead Portfolio manager to Co-Portfolio Manager of TD's Preferred Share mandates.

Jeff Evans, CFA, Vice President and Director, now has an expanded mandate to support all Portfolio Managers and Analysts across TDAM's Fundamental Equity team, running the quantitative screening process, and providing analytics and insights across equity markets on a global basis. Evans remains co-Portfolio Manager of the TD Active Global Real Estate Equity ETF.

Laurie-Anne Davison, CFA, CAIA, Vice President & Director, now leads the integrated passive business and has assumed lead Portfolio Manager responsibilities for all passive equity mandates.

Michelle Hegeman, CFA, Vice President & Director, remains lead Portfolio Manager on the passive fixed income mandates and leader of the Passive Fixed Income Portfolio Management Team.

Emin Baghramyan, CFA, Vice President & Director, has assumed leadership of the quantitative equity portfolio management team and has taken on lead Portfolio Manager responsibilities on all Low Volatility mandates.

Kevin Holmes, CFA, Vice President, has been appointed as co-lead on all Low Volatility mandates and has taken on lead Portfolio Management responsibilities for the systematic alpha mandates.

Olivia Lee, Associate, has taken on a portfolio management role on the Quantitative Equities team, also reporting to Emin Baghramyan.

**Staff****Hires**

Masonga Chipanshi, Vice President, Finance and Portfolio & Fund Management

Elisa Roux, Vice President, Asset Liability Management

Rafael Del Bianco, Vice President, Fixed Income

**Departures**

Kumail Taqvi, Vice President, Multi-Asset Portfolio Management

Dino Vevaina, Vice President & Director, Lead of Passive Equities, Quantitative & Passive Equity

Michael Lough, Vice President & Director, Active Equity Portfolio Management

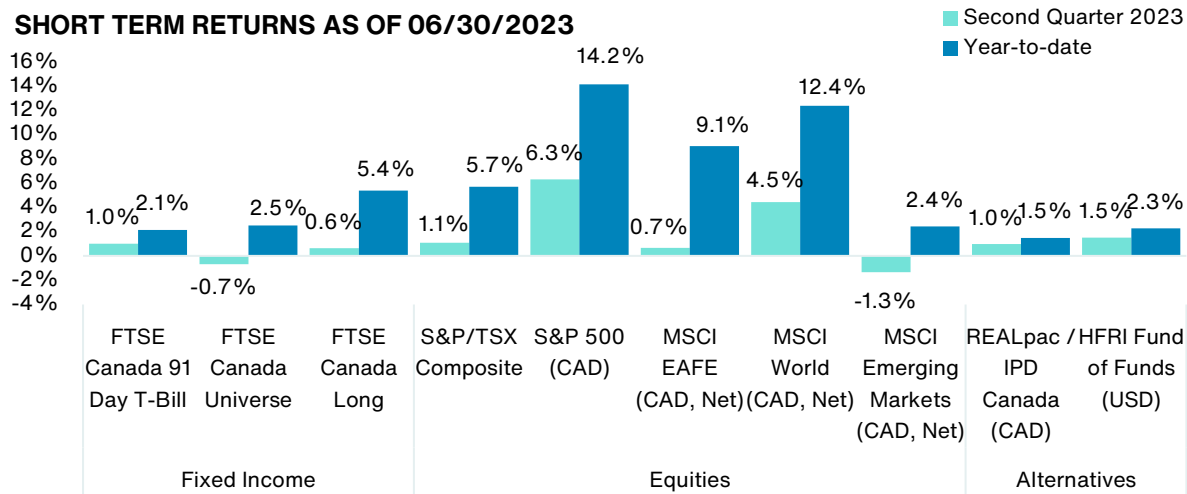
Travis Wetsch, Vice President, Active Equity Portfolio Management,

Jennifer Zhu, Vice President, Active Equity Research

## Appendix C - Capital Market Environment

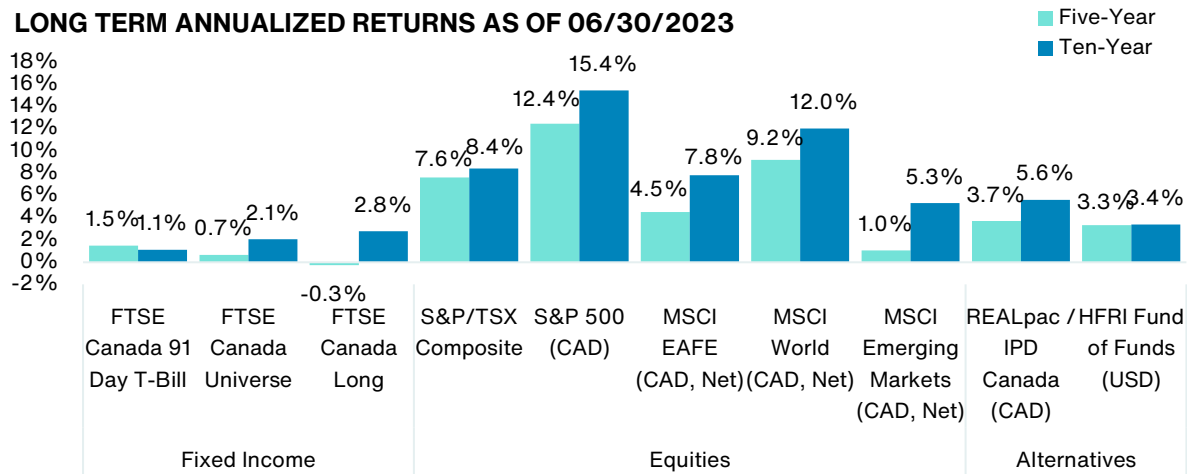
# Market Highlights

## SHORT TERM RETURNS AS OF 06/30/2023



Sources: S&P, MSCI, FTSE. Unless it's otherwise stated, gross CAD returns are shown in this report.

## LONG TERM ANNUALIZED RETURNS AS OF 06/30/2023



Sources: S&P, MSCI, FTSE

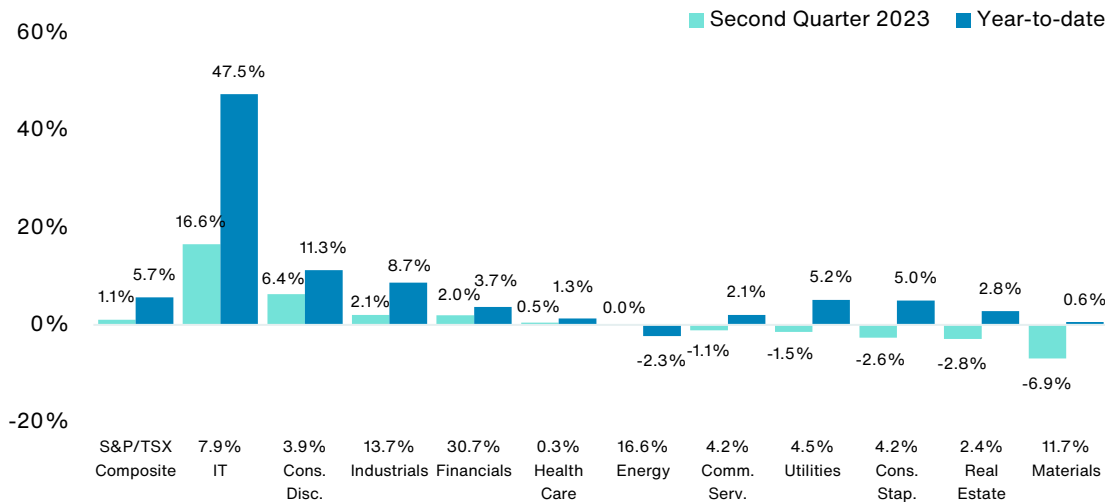
- In Q2 2023, equity markets rose as high-interest rate concerns abated, with inflation also cooling in major economies. The MSCI World Index rose 7.1% in local currency terms and 4.5% in Canadian dollar (CAD) terms.
- The Bank of Canada (BoC) increased its benchmark overnight rate by 25 bps to 4.75%, touching a 22-year high, and indicated that monetary policy was not restrictive enough to bring inflation down to its target of 2%.
- The U.S. Federal Reserve (Fed) increased its benchmark interest rate by 25 bps to a range of 5.00%-5.25% over the quarter, the highest level since 2007. Fed Chair Jerome Powell indicated that the central bank intends to carry out further monetary tightening to bring persistently high inflation under control but defended the current pause citing "potential headwinds" from the banking crisis.
- The Bank of England (BoE) raised its benchmark interest rate by 75 bps to 5.0% over the quarter, touching its highest level since 2008. Andrew Bailey, the BoE governor, indicated that the central bank is "committed to returning inflation to the 2% target and will make the decisions necessary to achieve that". The European Central Bank (ECB) raised its benchmark interest rate by 50 bps to 3.5% over the quarter, its highest level since 2001, and President Christine Lagarde indicated that policymakers "still have ground to cover" and that the inflation outlook remains "too high for too long".

**Past performance is no guarantee of future results.** Indices cannot be invested in directly. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect fees and expenses.

# Canadian Equity Markets

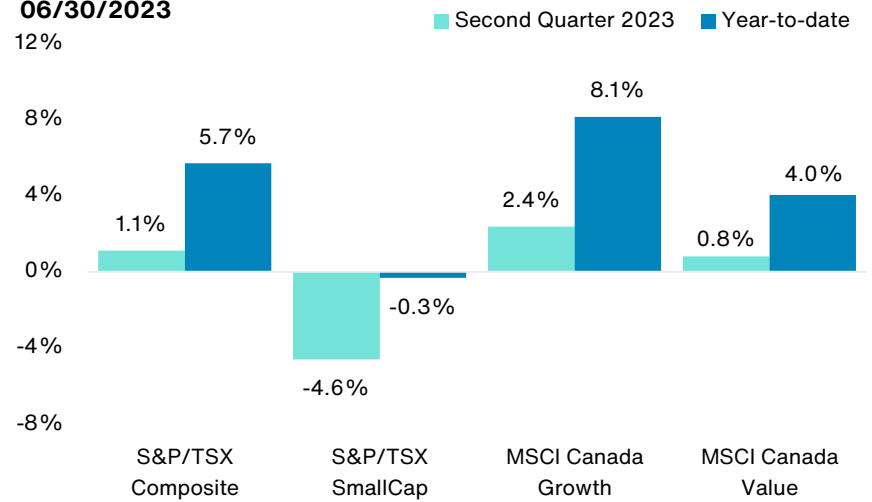
- The S&P/TSX Composite Total Return Index rose 1.1% during the quarter and rose 5.7% YTD in CAD terms.
- Sector performance was mixed over the quarter. Information Technology and Consumer Discretionary were the best performers for the quarter, rising by 16.6% and 6.4%, respectively, while Materials and Real Estate were the worst performers with a return of -6.9% and -2.8% respectively. Year-to-date, Information Technology was the best performer with a return of 47.5%, while the Energy sector was the worst performer with a return of -2.3%.
- Growth outperformed value for the quarter (2.4% vs 0.8%) and year-to-date (8.1% versus 4.0%).
- Large-cap equity (1.1%) outperformed small-cap (-4.6%) over the quarter and outperformed year-to-date.

**S&P/TSX COMPOSITE SECTOR RETURNS (CAD) AS OF 06/30/2023**



Source: S&P

**CANADIAN EQUITY STYLE/SIZE RETURNS (CAD) AS OF 06/30/2023**



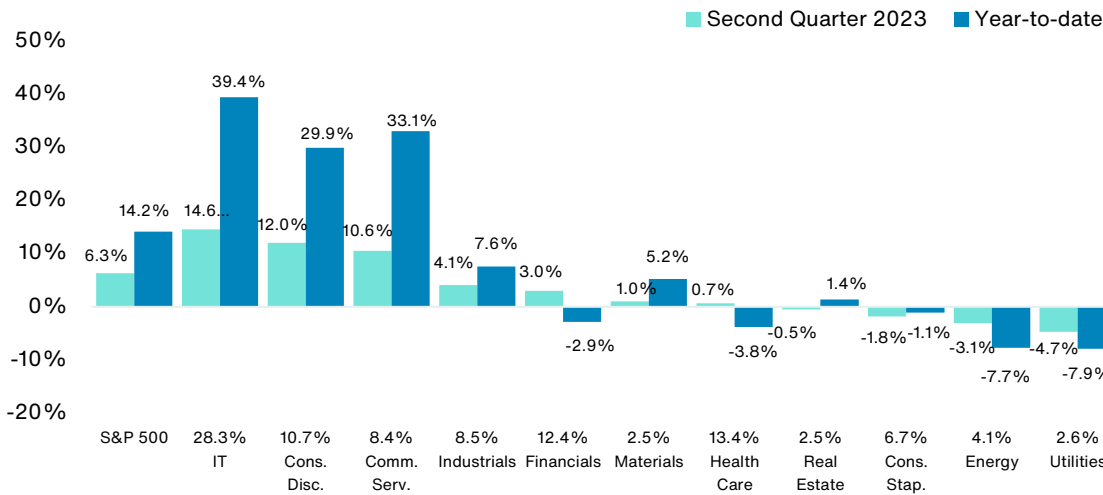
Source: S&P, MSCI

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# U.S. Equity Markets

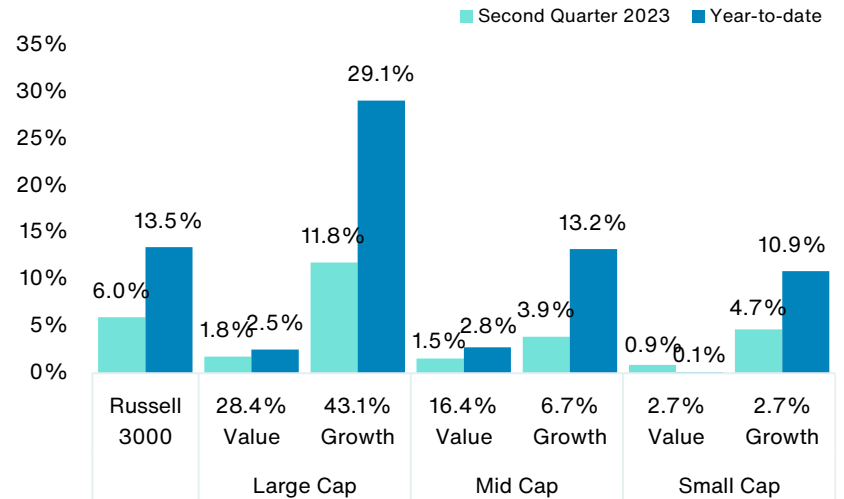
- U.S. equities had a strong quarter with the S&P 500 Index rising by 8.7% in USD terms as high-interest rate concerns abated, with inflation also cooling down in major economies. Expectations for new revenue streams driven by artificial intelligence boosted optimism over the U.S. technology stocks. Additionally, a pause in interest rate hikes by the Fed also contributed to the market sentiment. The S&P 500 Index gained 6.3% in CAD terms.
- The U.S. Senate passed the debt ceiling bill with strong bipartisan support of 63-36 votes to avoid a default in the world's largest economy. Previously, the bill was passed in the House of Representatives with a margin of 314-117 votes. The agreement imposes restrictions on government spending, introduces new welfare reforms, and reins in perceived government overreach, whilst not including any new taxes.
- The Cyberspace Administration of China banned U.S.-based chipmaker Micron Technology's products, in China's biggest measure against a U.S. semiconductor group, citing "security risks to China's critical information infrastructure supply chain".
- The Russell 3000 Index rose 6.0% during the second quarter. Sectoral performance was mixed across the quarter. Information Technology (14.6%) and Consumer Discretionary (12.0%) were the best performers while Utilities (-4.7%) and Energy (-3.1%) were the worst performers.
- Large-cap stocks outperformed in both growth and value. On a style basis, growth outperformed value across market capitalizations over the quarter.

**S&P 500 GICS SECTOR RETURNS (CAD) AS OF 06/30/2023**



Source: S&P

**RUSSELL STYLE RETURNS (CAD) AS OF 06/30/2023**



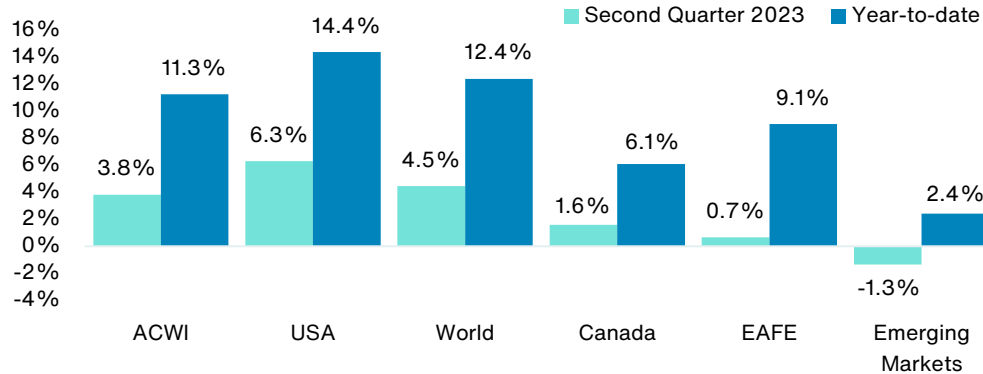
Source: Russell Indexes

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# Global Equity Markets

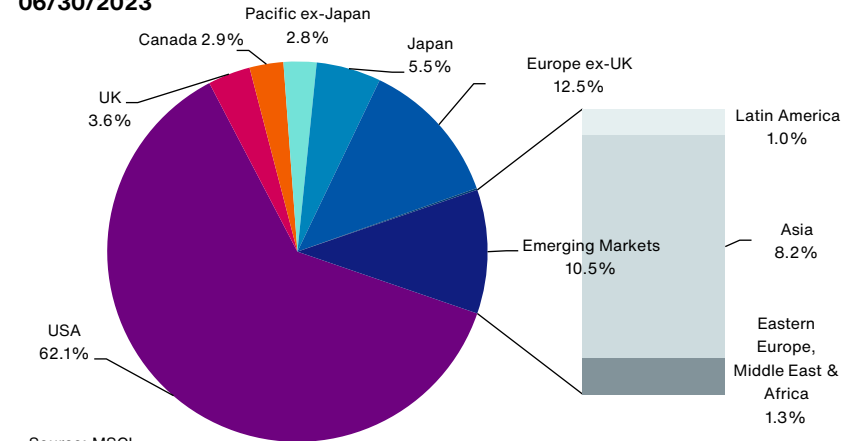
**GLOBAL MSCI INDEX RETURNS (CAD) AS OF 06/30/2023**



Source: MSCI. Gross returns shown for the MSCI Canada and USA indices, whilst net returns are shown for the other

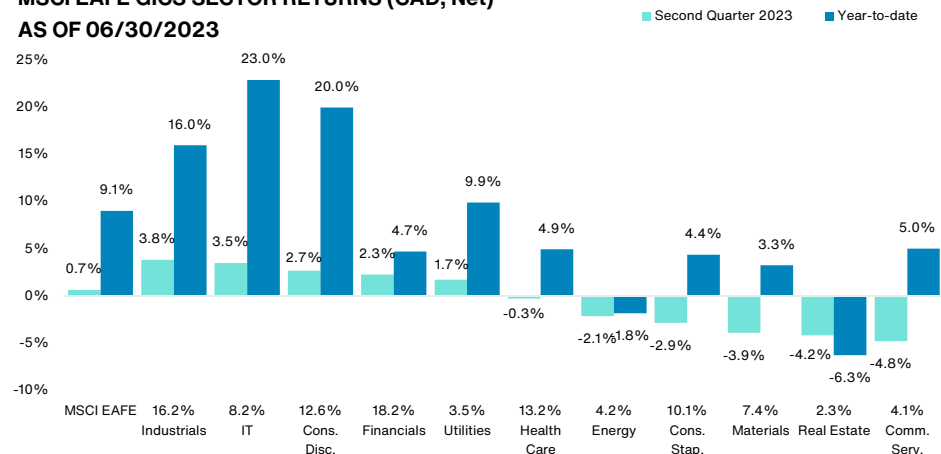
- Global equities ended the quarter higher, with the MSCI All Country World Index rising by 3.8% in CAD terms.
- The MSCI EAFE Index rose by 4.3% in local currency terms and 0.7% in CAD terms in Q2 2023. European and Japanese equities rose whilst UK equities fell over the quarter. Regionally, Japanese equities posted the strongest return in Q2 as economically sensitive sectors including Industrials and Financials outperformed. The sharp depreciation in the yen has helped the exporters over the quarter.
- Emerging Market equities were the worst performer in local currency terms owing to the poor performance of Chinese equity markets which fell by 9.0% over the quarter. Brazilian equities were the best performer by returning 14.8% followed by Indian equities which returned 12.0%.
- MSCI EAFE sector performance was mixed over the quarter. Industrials (3.8%) and Information Technology (3.5%) were the best performers over the quarter.

**MSCI ALL COUNTRY WORLD INDEX GEOGRAPHIC ALLOCATION AS OF 06/30/2023**



Source: MSCI

**MSCI EAFE GICS SECTOR RETURNS (CAD, Net) AS OF 06/30/2023**

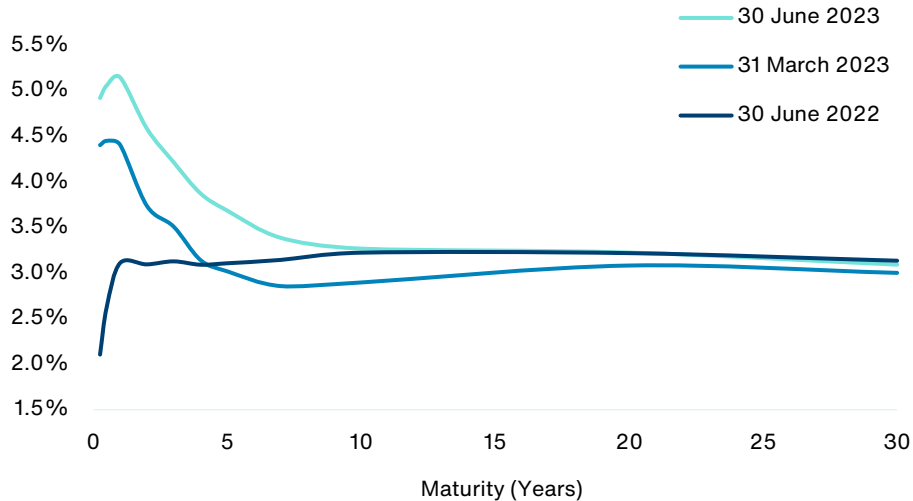


Source: MSCI

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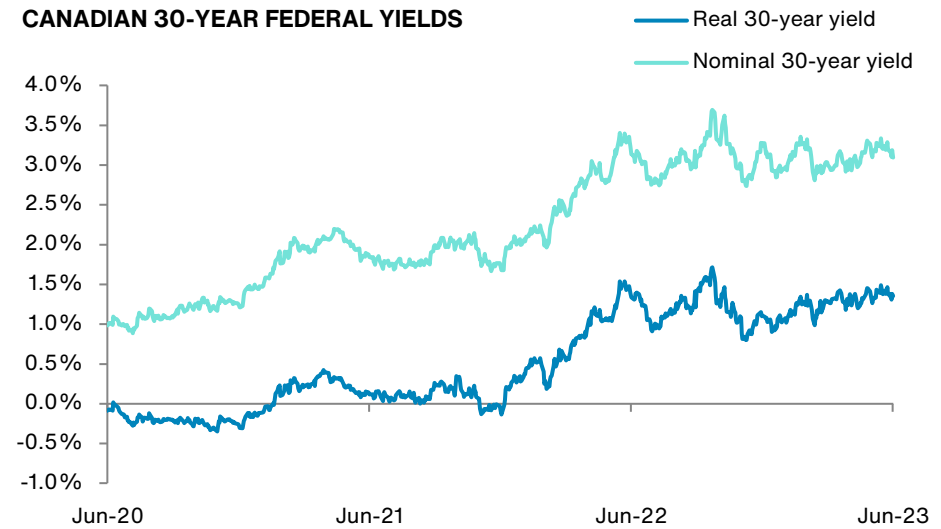
# Canada Fixed Income Markets

**CANADIAN FEDERAL YIELD CURVE**



Source: Bloomberg

**CANADIAN 30-YEAR FEDERAL YIELDS**

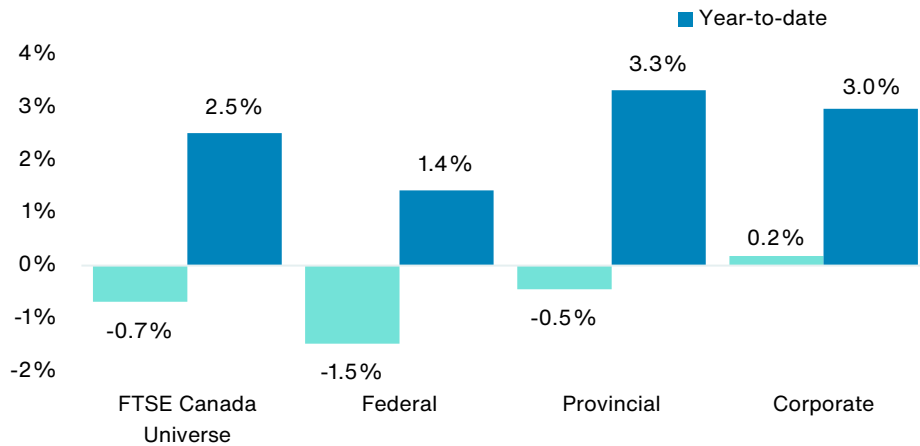


Source: Bloomberg

- Canadian Treasury yields generally rose across maturities with yields rising more sharply at short term maturities compared to the medium and longer end of the curve. The 2-year yield had the largest move over the quarter, rising 85 bps to 4.59%. The 10-year and 30-year yields rose 37 bps and 9 bps to 3.27% and 3.09%, respectively, over the quarter.
- Real yields rose, with the real 30-year yield increasing 7 bps to 1.35%. Meanwhile, Canada's annual CPI rose by 2.8% year-over-year in June, down from the 3.4% recorded in May and below economists' expectations of 3.0%.

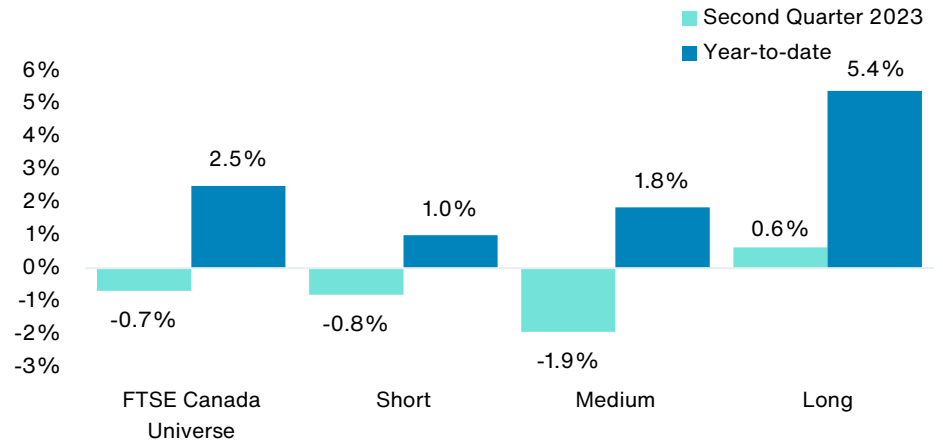
# Canada Fixed Income Markets

**FTSE CANADA RETURNS BY SECTOR AS OF 06/30/2023**



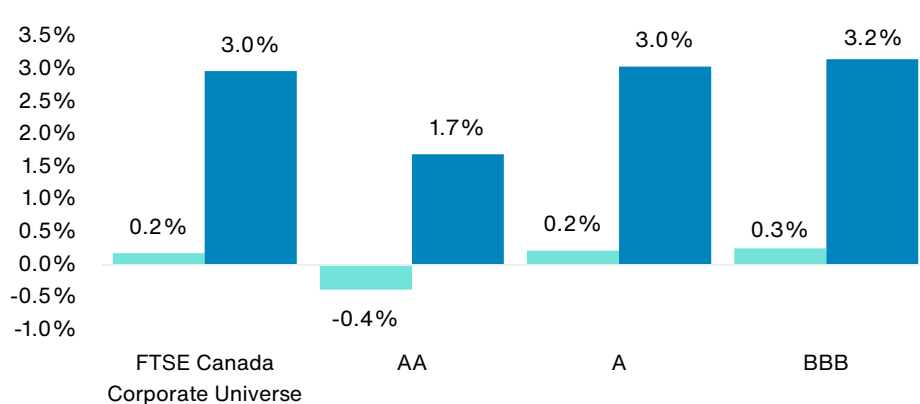
Source: FTSE

**FTSE CANADA RETURNS BY MATURITY AS OF 06/30/2023**



Source: FTSE

**FTSE CANADA RETURNS BY CREDIT QUALITY AS OF 06/30/2023**



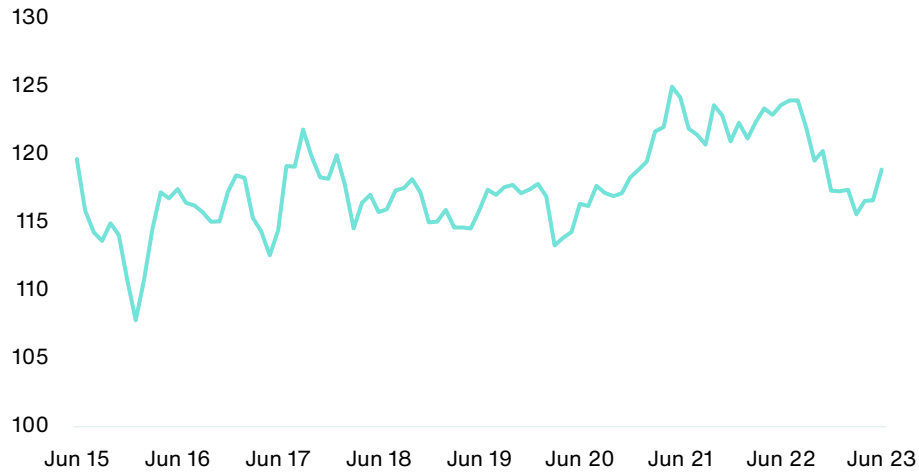
Source: FTSE

- Canadian bond market performance was mixed over the quarter. Canadian Federal bonds underperformed all credit segments, including Provincial and Corporate issues, as the yield curve increased across all maturities.
- Within corporate credit, investment grade 'BBB' rated issues outperformed 'A' and 'AA' issues.
- Long maturity bonds outperformed both medium and short maturity bonds over the quarter as the increase in rates throughout was more significant in the front and middle of the yield curve.

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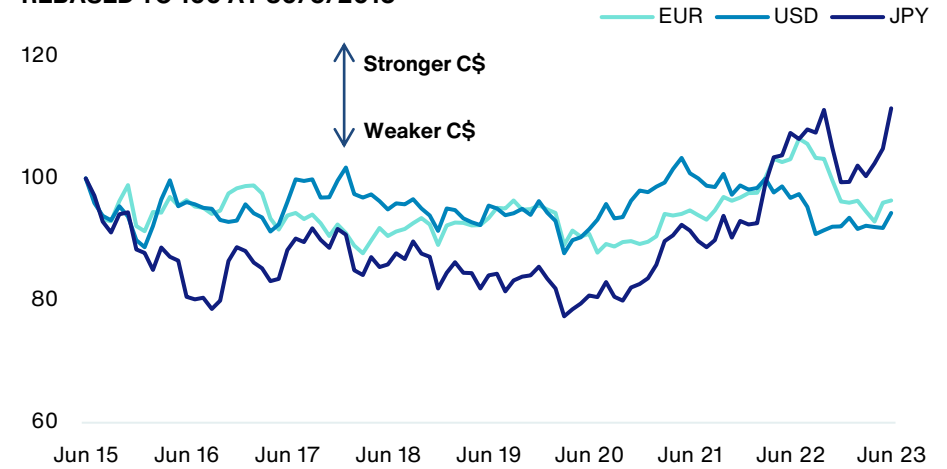
# Currency

**TRADE WEIGHTED CANADIAN DOLLAR INDEX (1999 = 100)**



Source: Bank of Canada

**CANADIAN DOLLAR RELATIVE TO EUR, USD AND JPY REBASED TO 100 AT 30/6/2015**



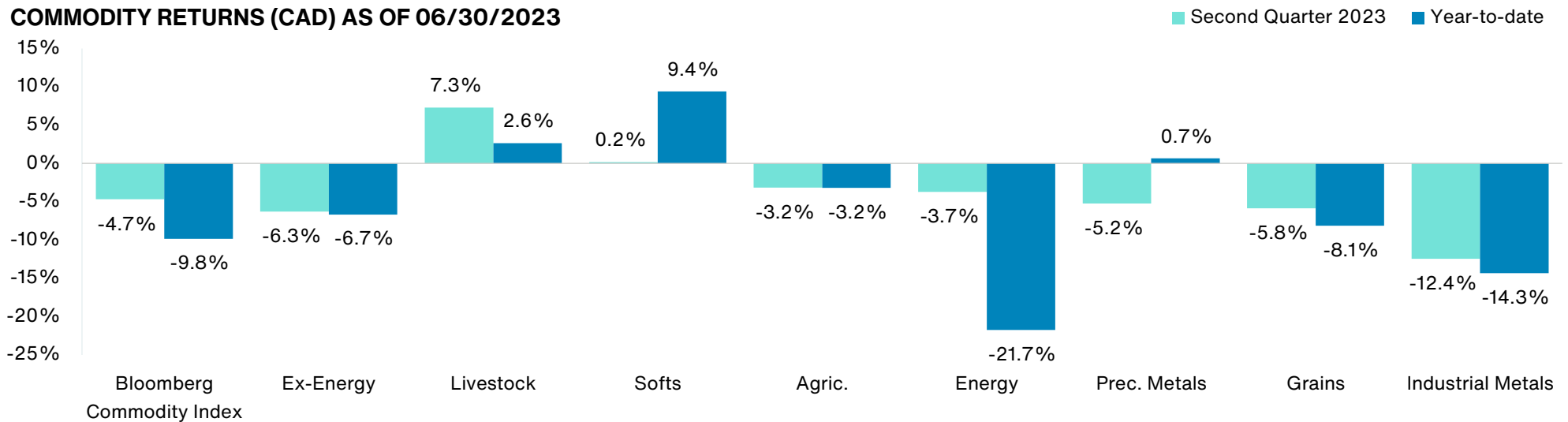
Source: Factset

- As measured by the broad trade-weighted Canadian dollar (CAD) index, the CAD rose 2.8% during the second quarter, having a positive performance against all the major currencies.
- On a trade-weighted basis, the U.S. dollar appreciated by 0.3% but fell by 2.3% against the CAD over the quarter. Additionally, the CAD appreciated by 1.8% against the euro and by 11.1% against the yen.
- The U.S. dollar depreciated by 0.4% against the euro but appreciated by 8.6% against the yen.

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# Commodities

**COMMODITY RETURNS (CAD) AS OF 06/30/2023**



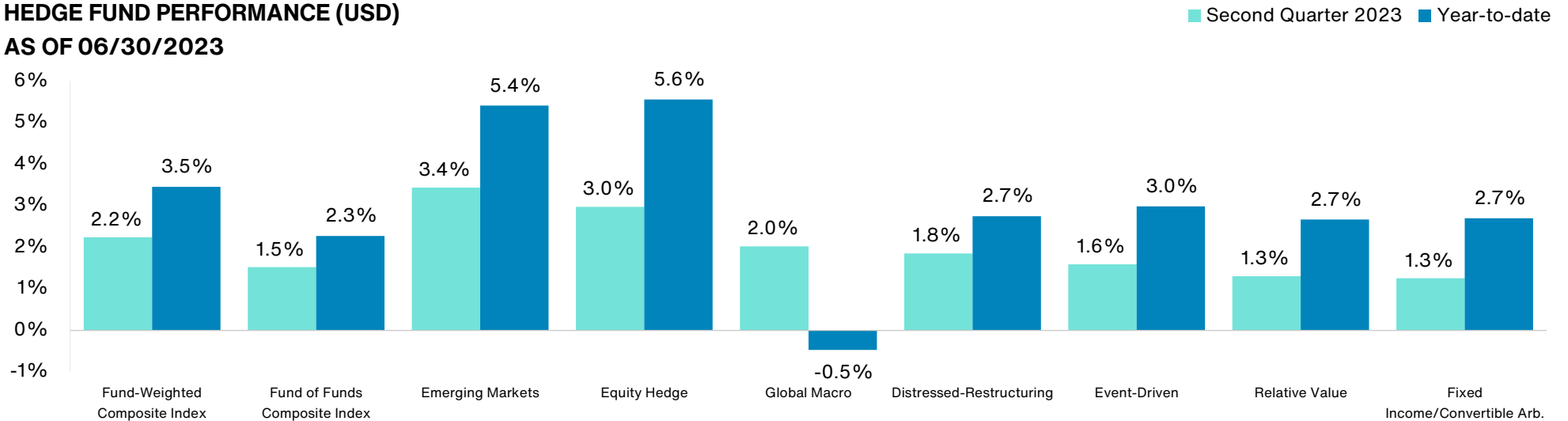
Source: Bloomberg Note: Softs and Grains are part of the wider Agriculture sector

- Commodity prices fell over the quarter, with the Bloomberg Commodity Index falling by 4.7% over the quarter.
- The Industrial Metals fell 12.4% over the quarter and 14.3% year-to-date. The price of WTI crude oil was down by 6.6% to U.S. \$71/BBL.
- Livestock rose the most over the quarter at 7.3%.
- Meanwhile, OPEC+ announced a surprise oil production cut of 1mn barrels a day in July, which could be extended further. Saudi Arabia will lead the entire production cut to boost oil prices as other OPEC+ members were spared from making additional cuts this year. The production quotas of several African nations and Russia are set to be lowered from January 2024.

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# Hedge Fund Markets

## HEDGE FUND PERFORMANCE (USD) AS OF 06/30/2023



Source: HFR Note: Latest 5 months of HFR data are estimated by HFR and may change in the future.

- Hedge fund performance was positive over the quarter.
- The HFRI Fund-Weighted Composite and HFRI Fund of Funds Composite Index produced returns of 2.2% and 1.5% over the quarter, respectively.
- Over the quarter, the Emerging Markets strategy was the best performer, with a return of 3.4%.
- Fixed Income/Convertible Arb. was the worst performer with a return of 1.3% over the quarter.
- Year-to-date, Equity Hedge has outperformed all other strategies, whilst Global Macro have performed the worst.

**Past performance is no guarantee of future results.** Indices cannot be invested in directly. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect fees and expenses.

## **Appendix D - Description of Market Indices and Statistics**

**Description of Market Indices and Statistics****Index Definitions****As of 30 June 2023****S&P/TSX Composite**

S&P/TSX Composite Index comprises approximately 70 percent of market capitalization for Canadian-based, Toronto Stock Exchange listed companies. It is calculated on a float market capitalization and is the broadest Canadian equity index available.

**S&P 500**

Standard and Poor's 500 Composite Stock Index consists of 500 large companies in the United States chosen for market size, liquidity and industry group representation. It is a market-value weighted index, with each stock's weight in the index proportionate to its market value. For the purposes of this report, the S&P 500 Index returns are converted from U.S. dollars into Canadian dollars, and therefore reflect currency gains or losses.

**MSCI EAFE**

The MSCI Europe, Australasia and Far East (EAFE) Index is a widely recognized benchmark of non-North American stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 21 European and Pacific Basin Countries and includes reinvestment of all dividends. This index aims to capture 85% of the free float adjusted market capitalization in each industry group in each country.

**MSCI World**

MSCI World Index consists of more than 1,600 stocks in 23 of the world's largest industrialized countries globally and represents approximately 85% of the total market capitalization in those countries. The index is computed on a float-based capitalization.

**FTSE Canada Universe Bond**

The FTSE Canada Universe Bond Index covers all marketable Canadian bonds with term to maturity of more than one year. The Index contains approximately one thousand marketable Canadian bonds with an average term of approximately 10.2 years. The purpose of the Index is to reflect the performance of the broad "Canadian Bond Market" in a similar manner to the S&P/TSX Capped Composite Index in the Canadian Equity Market.

**FTSE Canada Long Term Overall Bond**

The FTSE Canada Long Term Overall Bond Index is a capitalization-weighted index containing bonds with a term to maturity of greater than 10 years. It includes approximately 300 marketable Canadian bonds. The average term is approximately 23.1 years and the average duration is approximately 15.5 years.

**FTSE Canada Real Return Bond**

The FTSE Canada Real Return Bond Index measures the daily performance of Canadian real return bonds. It currently contains the outstanding real return bonds in the market.

**CPI**

Consumer Price Index is used to gauge Canada's inflation rate. The series used is the all items, not seasonally adjusted, 2002 base, widely known as the headline inflation.



**Description of Market Indices and Statistics****Statistic Definitions**

As of 30 June 2023

**Active Return**

Arithmetic difference between the portfolio return and the benchmark return over a specified time period.

**Active Weight**

The difference between the portfolio weight and the benchmark weight, where the weight is based on the beginning of period weights for the sector/region/asset class for a certain periodicity (monthly or quarterly, depending upon the reporting frequency), adjusted by the relative return for the sector/region/asset class.

**Annualized Value Added**

A portfolio's excess return over a benchmark, annualized as it is recorded.

**Asset Allocation**

The value added or subtracted by under or over weighting sectors/regions/asset classes versus the benchmark weights. Asset allocation measures the impact on performance attributed only to the sector/region/asset class weighting decisions by the manager. It assumes that the manager holds the same securities in each sector/region/asset class and in the same proportion as in the benchmark. Any differences in return can be attributed to differences in sector weights between the manager's fund and the benchmark.

**Batting Average**

The frequency, expressed in percentage terms, of the portfolio's return equaling or exceeding the benchmark's return.

**Beta**

A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of a portfolio's non-diversifiable or systematic risk.

**Correlation**

Also called coefficient of correlation, it is a measure of the co-movements of two sets of returns. Indicates the degree in which two sets of returns move in tandem.

**Cumulative Added Value**

The geometrically linked excess return of a portfolio over a benchmark.

**Down Market Capture**

The portfolio's average return as a percentage of the benchmark return, during periods of negative benchmark return. Lower values indicate better portfolio performance.

**Downside Risk**

A measure similar to standard deviation, but focuses only on the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. The higher the factor, the riskier the portfolio.

**Description of Market Indices and Statistics****Statistic Definitions**

As of 30 June 2023

**Duration**

A measure of a bond portfolio's sensitivity to movements in interest rates.

**EPS**

Earnings Per Share

**Excess Return**

Arithmetic difference between the managers return and the risk-free return over a specified time period.

**Excess Risk**

A measure of the standard deviation of a portfolio's performance relative to the risk free return.

**Information Ratio**

Measured by dividing the active rate of return by the tracking error. The higher the Information Ratio, the more value-added contribution by the manager.

**Return**

Compounded rate of return for the period.

**R-Squared**

The percentage of a portfolio's performance explained by the behaviour of the appropriate benchmark. High R-Square means a higher correlation of the portfolio's performance to the appropriate benchmark.

**Security Selection**

The value added or subtracted by holding securities at weights which differ from those in the benchmark, including securities not in the benchmark or a zero weight. The security selection return assumes the manager weights for each sector/region/asset class in the portfolio are in the same proportion as in the overall benchmark, and excess returns are due to security selection. That is, differences in returns between the manager's fund and the benchmark are attributed to the securities the manager has chosen.

**Sharpe Ratio**

Represents the excess rate of return over the risk free return divided by the standard deviation of the return. The result is the absolute rate of return per unit of risk. The higher the value, the better the portfolio's historical risk-adjusted performance.

**Simple Alpha**

The difference between the portfolio's return and the benchmark's return.

**Statistic Definitions**

As of 30 June 2023

**Sortino Ratio**

Represents the excess return over the risk-free rate divided by the downside deviation (i.e. the standard deviation of negative asset returns). Therefore, the Sortino Ratio differentiates harmful volatility from general volatility. A large Sortino Ratio indicates there is a low probability of a large loss.

**Standard Deviation**

A statistical measure of the range of a portfolio's performance, the variability of a return around its average return over a specified time period.

**Tracking Error**

A measure of the standard deviation of a portfolio's performance relative to the performance of an appropriate benchmark.

**Treynor Ratio**

Similar to Sharpe ratio, but focuses on beta rather than excess risk (standard deviation). Represents the excess rate of return over the risk free rate divided by the beta. The result is the absolute rate of return per unit of risk. The higher the value, the better the portfolio's historical risk-adjusted performance.

**Up Market Capture**

The portfolio's average return as a percentage of the benchmark return, during periods of positive benchmark return. Higher values indicate better portfolio performance.

## Appendix E - Fee Analysis

## Appendix F - Disclosure

Disclosure

**Statement of Disclosure**

**As of 30 June 2023**

Aon Solutions Canada Inc. reconciles the rates of return with each investment manager quarterly. Aon Solutions Canada Inc. calculates returns from the custodian/trustee statements while the managers use different data sources. Occasionally discrepancies occur because of differences in computational procedures, security prices, "trade date" versus "settlement date" accounting, etc. We monitor these discrepancies closely and find that they generally do not tend to persist over time. However, if a material discrepancy arises or persists, we will bring the matter to your attention after discussion with your money manager.

*This report may contain slight discrepancies due to rounding in some of the calculations. All data presented is in Canadian dollars unless otherwise stated.*

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This report does not constitute accounting, legal or tax advice and should not be relied upon for any such business decisions. This report contains information that is proprietary to Aon and may not be distributed, reproduced, copied, or amended without Aon's prior written consent.

# Canadian DB pension plans navigated Q2 2023 with steady returns, reveals RBC Investor Services analysis

Français



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NEWS PROVIDED BY  
**RBC Investor Services** →  
31 Jul, 2023, 10:01 ET

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TORONTO, July 31, 2023 /CNW/ - RBC Investor Services (RBCIS) has unveiled its comprehensive analysis of the performance of Canadian DB pension plans within the All Plan Universe for the second quarter of 2023. According to the study, the plans demonstrated a modestly positive quarterly return of 0.8% overall and were ahead by 4.8% over the first half of 2023.

During the quarter, foreign equities emerged as the top performing asset class in the peer universe, boasting a median return of 2.9%. In comparison, the MSCI World index returned 4.5%, primarily driven by the robust performance of the Information Technology (+12.1%) and Consumer Discretionary (+8.1%) sectors. It is noteworthy that the strength of the

Canadian dollar had a softening effect on the returns of pension plans invested in foreign equities, as the MSCI World index recorded a 7.1% return in local currency terms. Consequently, hedged pension plans outperformed their unhedged counterparts.

Much like in Q1, growth style stocks outpaced their value counterparts by a significant margin – as the MSCI World growth index showcased an impressive 8.0% return. In contrast, the value index lagged with a return of 0.7%. Year-to-date, the growth index is up 24.1% compared to the value index's return of 1.5%.

Further analysis revealed that U.S. equities significantly outperformed their international counterparts over the quarter, as evidenced by the performance comparison between the S&P 500's gain of 6.3% versus the MSCI EAFE's more modest 0.7%.

Within the Canadian equity asset class, a return of 1.3% was observed. By comparison, the TSX Composite delivered a return of 1.1%. Strength in the Information Technology sector (+16.6%) was tempered by weakness in the commodity sectors (Materials -6.9% and Energy 0.0%).

Turning to the Canadian fixed income asset class, the plans in the universe returned 0.3%, ahead of the FTSE Canada Universe Bond Index, which experienced a negative return of -0.7%. Short-term FTSE Canada Universe bonds returned -0.8% due to an increase in short-term yields, while long-term bonds achieved a slightly positive return of 0.6%.

Marijana Jovanovic, head of Product Transformation at RBCIS, commented: "The analysis underscores the intricacies of the Canadian pension landscape during Q2 2023, prompting investors to remain vigilant in navigating the uncertain waters that lie ahead. While inflation has been trending favourably into Q3 following July's rate adjustment, it's uncertain whether future interest rate increases are on the horizon."

Continuing on this note, Jovanovic stated, "Geopolitical tensions, including U.S.-China relations and the ongoing situation in Ukraine, introduce complexity to market dynamics and pose risks for investors. Asset managers are diligently focusing on diversification and hedging strategies while maintaining a watchful eye on their portfolios to mitigate potential losses."



## Historic performance

<i>Period</i>	<i>Median return (%)</i>	<i>Period</i>	<i>Median return (%)</i>
Q2 2023	0.8	Q1 2021	-0.2
Q1 2023	4.0	Q4 2020	5.4
Q4 2022	3.8	Q3 2020	3.0
Q3 2022	0.5	Q2 2020	9.6
Q2 2022	-8.6	Q1 2020	-7.1
Q1 2022	-5.5	Q4 2019	2.0
Q4 2021	4.5	Q3 2019	1.7
Q3 2021	0.6	Q2 2019	2.7
Q2 2021	4.4	Q1 2019	7.2

## About RBC

Royal Bank of Canada is a global financial institution with a purpose-driven, principles-led approach to delivering leading performance. Our success comes from the 98,000+ employees who leverage their imaginations and insights to bring our vision, values and strategy to life so we can help our clients thrive and communities prosper. As Canada's biggest bank and one of the largest in the world, based on market capitalization, we have a diversified business model with a focus on innovation and providing exceptional experiences to our 17 million clients in Canada, the U.S. and 27 other countries. Learn more at [rbc.com](https://www.rbc.com).

We are proud to support a broad range of community initiatives through donations, community investments and employee volunteer activities. See how at [rbc.com/community-social-impact](https://www.rbc.com/community-social-impact).

## About the RBC Investor Services All Plan Universe

RBC Investor Services has published one of the industry's largest and most comprehensive universes of Canadian pension plans for more than 40 years. The All Plan Universe, a widely-recognized quarterly benchmark, tracks the performance and asset allocation of a cross-section of assets across Canadian defined benefit pension plans, helping institutional investors monitor investment decisions, optimize performance and mitigate risks.

## About RBC Investor Services


RBC Investor Services delivers asset servicing solutions to Canadian asset managers and asset owners, investment counsellors and other financial institutions. Part of Royal Bank of Canada, Canada's largest bank and one of the top 10 banks globally, our focus is on safeguarding the assets of our clients and supporting their growth.

SOURCE RBC Investor Services

For further information: Ylana Kurtz, [ylana.kurtz@rbc.com](mailto:ylana.kurtz@rbc.com), 416-348-2330



**CITY OF HAMILTON**  
**CORPORATE SERVICES DEPARTMENT**  
**Financial Planning, Administration and Policy Division**

<b>TO:</b>	Members and Chair HMRF / HWRF Pension Administration Sub-Committee
<b>COMMITTEE DATE:</b>	November 20, 2023
<b>SUBJECT/REPORT NO:</b>	Master Trust Pension Statement of Investment Policies and Procedures (FCS23098) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Rosaria Morelli (905) 546-2424 Ext. 1390
<b>SUBMITTED BY:</b>	Mike Zegarac General Manager, Finance and Corporate Services Corporate Services Department
<b>SIGNATURE:</b>	

### RECOMMENDATION

- (a) That Appendix "A" to Report FCS23098, respecting the 2023 City of Hamilton Defined Benefit Pension Plans Master Trust Statement of Investment Policies and Procedures, be approved and replace the previous 2022 City of Hamilton Defined Benefit Pension Plans Master Trust Statement of Investment Policies and Procedures contained in Report FCS23009 and approved by Council on April 12, 2023;
- (b) That Appendix "A" to Report FCS23098, respecting the 2023 City of Hamilton Defined Benefit Pension Plans Master Trust Statement of Investment Policies and Procedures, be forwarded to the Hamilton Street Railway Pension Advisory Committee for their information.

### EXECUTIVE SUMMARY

The Statement of Investment Policies and Procedures for the City of Hamilton Defined Benefit Pension Plans Master Trust (the "Master Trust SIPP") has been updated as a result of the annual formal review required under the Master Trust SIPP. The updated Master Trust SIPP is attached as Appendix "A" to Report FCS23098.

**SUBJECT: Master Trust Pension Statement of Investment Policies and Procedures (FCS23098) (City Wide) – Page 2 of 5**

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The Master Trust SIPP comprises the investment policies of the Hamilton Municipal Retirement Fund (HMRF), the Hamilton Street Railway Company Pension Plan, 1994 (HSR) and the Hamilton-Wentworth Retirement Fund (HWRF) pension plans. The data pertaining to the Provision for Adverse Deviations (PfAD) was updated in the Master Trust SIPP.

The PfAD is a reserve that pension plans are required to establish and fund on a going-concern basis and which is part of the pension funding regime for Ontario defined benefit pension plans effective as of May 1, 2018. Amendments pertaining to the PfAD were first made to the Master Trust SIPP in Report FCS18090 respecting the 2018 Master Trust Pension Statement of Investment Policies and Procedures (City Wide), in order to comply with regulatory disclosure requirements.

For this annual formal review, there were no changes in the applicable pension legislation affecting the Master Trust SIPP since the preceding review that was undertaken and described in Report FCS23009 respecting the 2022 City of Hamilton Defined Benefit Pension Plans Master Trust Statement of Investment Policies and Procedures.

**Alternatives for Consideration – Not Applicable**

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: Not Applicable.

Staffing: Not Applicable.

Legal: Not Applicable.

**HISTORICAL BACKGROUND**

The Master Trust SIPP provides the framework for the investment of the assets of the City of Hamilton's three non-OMERS defined-benefit pension plans: HMRF, HSR and HWRF. Assets for the three pension plans (the "Plans") have been aggregated for investment purposes in a private pooling vehicle structure or master trust structure (the "Master Trust") which was approved and adopted by Council on May 18, 1999. Each of the pension plans participates in the Master Trust.

Appendices "A", "B" and "C" to the Master Trust SIPP contain details of the individual statement of investment policies and procedures for the HMRF, HSR and HWRF pension plans, respectively.

Since 2006, a policy review of the Master Trust SIPP has been completed annually except for fiscal years 2010 and 2013. For each review, the applicable Master Trust SIPP was replaced with the amended version adopted and approved by Council.

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Details of each review can be found in the following staff reports: Report FCS07096; Report FCS08111; Report FCS09093; Report FCS11033; Report FCS12084; Report FCS14080; Report FCS15083; Report FCS16081; Report FCS17079; Report FCS18090; Report FCS19073; Report FCS20074, Report FCS21095 and Report FCS23009.

The review for the year of 2010 was constrained because of the City's decision to implement the Dynamic Investment Policy (Report FCS09112) which was approved by Council on February 10, 2010. Similarly, in 2013, unplanned pressures resulted in the deferral of the annual review.

**POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

Ontario Regulation 909 (the "Regulation") made under the *Pension Benefits Act* (PBA) requires that the administrator of a provincially regulated pension plan establish a written statement of investment policies and procedures that complies with requirements of the federal investment regulations as modified in Sections 47.8 and 79 of the Regulation.

**RELEVANT CONSULTATION**

The City's investment consultant, Aon, undertook a review of the Master Trust SIPP from a compliance and governance perspective. Aon took account of all applicable regulatory guidance and addressed any relevant changes where appropriate in the Master Trust SIPP.

**ANALYSIS AND RATIONALE FOR RECOMMENDATION**

The data pertaining to the Provision for Adverse Deviations (PfAD) was updated in the Master Trust SIPP.

The PfAD is a reserve that pension plans are required to establish and fund on a going-concern basis and which is part of the pension funding regime for Ontario defined benefit pension plans effective as of May 1, 2018. Amendments pertaining to the PfAD were first made to the Master Trust SIPP in the Report FCS18090 respecting the 2018 Master Trust Pension Statement of Investment Policies and Procedures, in order to comply with regulatory disclosure requirements.

**Data Pertaining to the Provision for Adverse Deviations (PfAD)**

The calculation of the PfAD is based in part on a pension plan's asset allocation (as defined by the Regulation) generally summarized in a pension plan's PfAD Table.

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As of May 1, 2018, the SIPPs of Ontario defined benefit pension plans must disclose the percentage values of a pension plan's target asset allocation for each investment category listed in subsection 76(12) in the Regulation.

In this year's formal annual review, the Plans' PfAD Table on page 5 in Section 2.03 of the Master Trust SIPP has been updated with the percentage values as of June 30, 2023 for the Target Asset Allocations. Table 1 shows the Plans' PfAD Table.

**Table 1  
Target Asset Allocations for Investment Categories (PfAD Table)**

Investment Category under subsection 76(12) of Regulation 909	Target Asset Allocation <sup>1</sup>	Accessed Through Mutual or Pooled or Segregated Funds
1. Insured contracts	0.0%	-
2. Mutual or pooled funds or segregated funds	N/A	-
3. Demand deposits and cash on hand	0.0%	-
4. Short-term notes and treasury bills	0.0%	-
5. Term deposits and guaranteed investment certificates	0.0%	-
6. Mortgage loans	0.0%	-
7. Real estate	0.0%	-
8. Real estate debentures	0.0%	-
9. Resource properties	0.0%	-
10. Venture capital	0.0%	-
11. Corporations referred to in subsection 11(2) of Schedule III to the federal investment regs	0.0%	-
12. Employer issued securities	0.0%	-
13. Canadian stocks other than investments referred to in 1 to 12 above	18.0%	Yes
14. Non-Canadian stocks other than investments referred to in 1 to 12 above	18.0%	Yes
15. Canadian bonds and debentures other than investments referred to in 1 to 12 above	64.0%	Yes
16. Non-Canadian bonds and debentures other than investments referred to in 1 to 12 above	0.0%	-
17. Investments other than investments referred to in 1 to 16 above	0.0%	-

<sup>1</sup> The target asset allocation indicated in the PfAD table is based on the glidepath positioning as of June 30, 2023.

The percentage values for the Target Asset Allocation in the PfAD Table were derived from the Plans' actual target asset mix as of June 30, 2023.

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Under the Plans' dynamic investment strategy, the Plans' actual target asset mix as of 30 June 2023 is determined from the glidepath set out on pages 6 and 7 in Section 2.03 of the Master Trust SIPP using the Plans' funded status as of June 30, 2023, as given in the Master Trust Pension Investment Performance Report as of June 30, 2023.

Hence, the Plans' actual asset mix, as of June 30, 2023, is shown in Table 2.

**Table 2**  
**Plans' Actual Asset Mix**  
**As of June 30, 2023**

Canadian Equity:	18%
Global Equity:	18%
Fixed Income:	64%
(Funded Status:	86.2%)

Thus, in the PfAD Table, the investment categories 13 and 14 are allocated percentage values of 18% and 18%, respectively, and investment category 15 is allocated a percentage value of 64%.

The 2022 PfAD table reflected percentage values for investment categories 13, 14 and 15 of 23%, 22% and 55%, respectively, reflecting the Plans' actual asset mix (23% Canadian equity; 22% global equity; 55% fixed income) as of June 30, 2022. The implicit understanding was that the percentage values in the PfAD Table would need to be updated as the Plans' funded status (and therefore the actual target asset mix) changed over time.

### **Legislation affecting the Master Trust SIPP**

For this annual formal review, there were no changes in the applicable pension legislation affecting the Master Trust SIPP since the preceding review that was undertaken and described in Report FCS23009 respecting the 2022 City of Hamilton Defined Benefit Pension Plans Master Trust Statement of Investment Policies and Procedures.

### **ALTERNATIVES FOR CONSIDERATION**

Not Applicable.

### **APPENDICES AND SCHEDULES ATTACHED**

Appendix "A" to Report FCS23098 – Statement of Investment Policies and Procedures – City of Hamilton Defined Benefit Pension Plans Master Trust, November 2023





## **Statement of Investment Policies and Procedures**

City of Hamilton Defined Benefit Pension Plans Master Trust

November 2023

**APPROVED** on this                      day of November, 2023

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## Section 1—Overview

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### 1.01 Purpose of Statement

This Statement of Investment Policies and Procedures (the “Policy” or “Master Trust SIPP”) provides the framework for the investment of the assets of the City of Hamilton Defined Benefit Pension Plans Master Trust (the “Master Trust”).

This Policy is based on the “prudent person portfolio approach” to ensure the prudent investment and administration of the assets of the Master Trust are within the parameters set out in the *Pension Benefits Act*, (Ontario) and the Regulations thereunder.

### 1.02 Background of the Master Trust

The inception date of the Master Trust is November 1, 1999, when three defined benefit pension plans, the “Plans”, (the Hamilton Municipal Retirement Fund (Registration number 0275123), the Hamilton Street Railway Pension Plan (1994) (Registration number 0253344), and the Hamilton Wentworth Retirement Fund (Registration number 1073352)) invested in units of the Master Trust. The portfolio of assets in the Master Trust is referred to as “the Fund”. These Plans hold units of the Master Trust and share, on a pro-rata basis, in all income, expenses and capital gains and losses of the Master Trust.

For reference purposes, the details of the Statement of Investment Policies and Procedures for each of the above mentioned Plans participating in the Master Trust have been attached to Appendix A of this Policy.

### 1.03 Objective of the Plan

The objective of the Plans is to provide members of the Plans with retirement benefits prescribed under the terms thereof.

### 1.04 Investment and Risk Philosophy

The primary investment objective is to provide an economic return on assets sufficient to fund Plan liabilities over the long-term, while adhering to prudent investment practices.

The investment philosophies and strategies must take into account both return and risk objectives of the Plans and the City of Hamilton (the “City”).

In recognition of the risk and return objectives of the Plans and the City, an initial asset allocation policy was developed by the Investment Consultant in consultation with both the Chief Investments Officer and the Treasurer of the City (the “Treasurer”) based on the Plans’ current (at that time) funded status and the characteristics of the Plans and City. It is recognized, however, that the Plans’ return requirements and risk tolerance will change over time, and the intent is to reallocate the portfolio to lower risk allocations dynamically as the Plans’ funded statuses improve.

### 1.05 Administration

The General Manager of Finance and Corporate Services for the City (“General Manager of Finance and Corporate Services”) is the designated contact person at the City for administrative purposes.

## Section 2—Asset Mix and Diversification Policy

### 2.01 Master Trust Return Expectations

Each of the investment managers appointed to invest the assets of the Master Trust (the “Investment Managers”) is directed to achieve a satisfactory long-term real rate of return through a diversified portfolio, consistent with acceptable risks, performance objectives and prudent management.

In order to achieve their long-term investment goals, the Plans must invest in assets that have uncertain returns, such as Canadian equities, foreign equities and bonds. However, the City attempts to reduce the overall level of risk by diversifying the asset classes and further diversifying within each individual asset class. Based on historical data and reasonable expectations for future returns, the City believes that a diversified portfolio of Canadian equities, nominal bonds, real return bonds and foreign equities will likely outperform over the long term.

The overall goal of this Policy is to maximize the return of the Fund while bearing a reasonable level of risk relative to the liabilities in order to ensure the solvency of the Fund over time. The assets of the Plans are sufficiently liquid to make payments which may become due from the Plans. The weights applied to each of the asset classes are based on the targets in the initial asset allocation outlined in Section 2.03 and adjusted based on the target allocation in the Dynamic Investment Policy Schedule in Section 2.03.

### 2.02 Expected Volatility

The volatility of the Master Trust is directly related to its asset mix, specifically, the balance between Canadian bonds, Canadian equities and foreign equities. Since the Investment Managers do not have the authority to make any type of leveraged investment on behalf of the Master Trust, the volatility of the Master Trust should be similar to the volatility of the Benchmark Portfolio set out in Section 4.02 (Performance Measurement).

### 2.03 Asset Mix

(a) In order to achieve the long-term objective within the risk/return considerations described in Section 1.04, the following asset mix policy (Benchmark Portfolio) and ranges were selected for the initial asset allocation:

Assets	Minimum %	Initial Target Weight %	Maximum %	Asset Category
Canadian Equity	25	30	35	Return-Seeking
Global Equity	25	30	35	Return-Seeking
Total Equities	50	60	70	Return-Seeking
Fixed Income	30	40	50	Liability-Hedging

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For purpose of the total asset mix described above, the Investment Managers’ asset class pooled funds are deemed to be 100% invested, even though these funds may contain a portion held in cash and cash equivalent instruments.

The Plan’s target asset allocation<sup>1</sup> for each investment category listed in subsection 76(12) of the Regulation 909 to the Pension Benefits Act (Ontario) is as follows:

**PfAD Table**

<b>Investment Category under subsection 76(12) of Regulation 909</b>	<b>Target Asset Allocation*</b>	<b>Accessed through mutual or pooled or segregated funds</b>
1. Insured Contracts	0.0%	-
2. Mutual or pooled funds or segregated funds	N/A	-
3. Demand deposits and cash on hand	0.0%	-
4. Short-term notes and treasury bills	0.0%	-
5. Mortgage Loans	0.0%	-
6. Mortgage Loans	0.0%	-
7. Real Estate	0.0%	-
8. Real Estate Debentures	0.0%	-
9. Resource properties	0.0%	-
10. Venture Capita	0.0%	-
11. Corporations referred to in subsection 11(2) of Schedule III to the federal investment regs	0.0%	-
12. Employer issued securities	0.0%	-
13. Canadian stocks other than investments referred to in 1 to 12 above	18.0%	Yes
14. Non-Canadian stocks other than investments referred to in 1 to 12 above	18.0%	Yes
15. Canadian bonds and debentures other than investments referred to in 1 to 12 above	64.0%	Yes
16. Non-Canadian bonds and debentures other than investments referred to in 1 to 12 above	0.0%	-
17. Investments other than investments referred to in 1 to 16 above	0.0%	-

For inclusion within a fixed income investment category in the above table, the minimum ratings for target asset allocations of fixed income assets are outlined below. This framework is used to inform whether the target asset allocation to an investment category qualifies as fixed income for purposes of calculating the Provision for Adverse Deviations (PfAD) as defined under Regulation 909.

<b>Credit Rating Agency</b>	<b>Rating – Bond Market Securities</b>	<b>Rating – Money Market Securities</b>
DBRS	BBB	R-2 (middle)
Fitch Ratings	BBB-	F-3
Moody’s Investors Services	Baa3	P-3
Standard & Poor’s	BBB-	A-3

- (b) **Return-Seeking Assets:** These assets generally will consist of all non-fixed income investments, such as equities and alternatives, with a main focus on price appreciation with generally higher expected long-term returns.
- (c) **Liability-Hedging Assets:** These assets generally will be fixed-income investments, such as bonds, with similar duration characteristics as the pension liabilities (i.e., these assets generally behave like pension liabilities). Since these assets focus mainly on current income, their expected long-term returns will generally be lower than return-seeking assets.
- (d) **Sub-Allocations and Rebalancing Ranges:** The sub-allocations and rebalancing ranges within the return-seeking portfolio will be reviewed from time to time as the total return-seeking allocation changes due to the Dynamic Investment Policy Schedule below. The rebalancing ranges for the total return-seeking assets and liability-hedging

\* The target asset allocation indicated in the PfAD table is based on the glidepath positioning as of June 30, 2023.

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assets (fixed income) are also determined by the Dynamic Investment Policy Schedule below.

- (e) In recognition of the risk and return objectives of the Plans and the City, an initial asset allocation policy was developed by the Investment Consultant in consultation with both the Chief Investments Officer and the Treasurer based on the Plans’ current (at that time) funded status and the characteristics of the Plans and City. It is recognized, however, that the Plans’ return requirements and risk tolerance will change over time, and the intent is to reallocate the portfolio to lower risk allocations dynamically as the Plans’ funded statuses improve.

Based on an assessment of the Plans’ long-term goals and desired risk levels, the HMRF/HWRF Pension Administration Sub-Committee (following advice from the Investment Consultant) recommended to City Council a “Dynamic Investment Policy” which was subsequently approved by City Council. The Dynamic Investment Policy was developed by the Investment Consultant in consultation with the Chief Investments Officer and the Treasurer, and is based on the 2010 Dynamic Investment Policy Study which was conducted by the Investment Consultant.

The Dynamic Investment Policy dynamically adjusts the allocation to return-seeking assets and liability-hedging assets as the Plans’ funded statuses improve. Funded status may change due to any combination of investment returns, contributions, benefit payments, fund expenses, and changes to liabilities (including discount rate changes).

This Policy is based on the results of the 2010 Dynamic Investment Policy Study and the Dynamic Investment Policy Schedule is as follows:

Funded Ratio <sup>1 2</sup>	Return -Seeking Allocation		
	Minimum	Target	Maximum
<65%	50%	60%	70%
65%	50%	60%	70%
66%	50%	60%	70%
67%	50%	60%	70%
68%	50%	60%	70%
69%	50%	60%	70%
70%	50%	60%	70%
71%	49%	59%	69%
72%	47%	57%	67%
73%	46%	56%	66%
74%	44%	54%	64%
75%	43%	53%	63%
76%	41%	51%	61%
77%	40%	50%	60%
78%	38%	48%	58%
79%	37%	47%	57%
80%	35%	45%	55%
81%	34%	44%	54%
82%	32%	42%	52%
83%	31%	41%	51%

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Return -Seeking Allocation			
Funded Ratio <sup>1 2</sup>	Minimum	Target	Maximum
84%	29%	39%	49%
85%	28%	38%	48%
86%	26%	36%	46%
87%	25%	35%	45%
88%	23%	33%	43%
89%	22%	32%	42%
90%	20%	30%	40%
91%	19%	29%	39%
92%	17%	27%	37%
93%	16%	26%	36%
94%	14%	24%	34%
95%	13%	23%	33%
96%	11%	21%	31%
97%	10%	20%	30%
98%	8%	18%	28%
99%	7%	17%	27%
100%	5%	15%	25%
>100%	5%	15%	25%

<sup>1</sup> Funded ratio defined on a Wind-up basis.

<sup>2</sup> Funded ratio will change based on any combination of investment returns, contributions, benefits payments, expenses and changes in liabilities.

Sub-Allocations: The sub-allocations within the liability hedging and return seeking categories will be drawn down approximately based on the table below. However, allocations to illiquid assets may be adjusted at a slower rate. Sub-allocations should be within 5% of their targets. The sub-allocations will be adjusted proportionately when the return-seeking allocation is between the levels listed in the table below.

	Return Seeking		Liability Hedging	
	Canadian Equity	Global Equity	Long-Term Bonds	Real Return Bonds
15% return seeking	8%	7%	11%	74%
20% return seeking	10%	10%	12%	68%
25% return seeking	13%	12%	14%	61%
30% return seeking	15%	15%	15%	55%
35% return seeking	18%	17%	17%	48%
40% return seeking	20%	20%	18%	42%
45% return seeking	23%	22%	20%	35%
50% return seeking	25%	25%	21%	29%
55% return seeking	28%	27%	23%	22%
60% return seeking	30%	30%	25%	15%

Duration Strategy: Based on the Dynamic Investment Policy Study completed in 2010, the portfolio interest rate dollar duration will increase as the funded status improves and the allocation to liability hedging assets increases. Interest rate derivatives may be used on either a strategic or opportunistic basis to mitigate risk by increasing the hedge ratio up to 100%. This will be at the discretion of the Administrator and based on the duration of the Plan's liabilities.

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Rebalancing and Monitoring: A systematic rebalancing procedure will be utilized to ensure that the asset allocation of the Fund stays within the ranges defined above. As the return-seeking asset allocation changes, the sub-category allocations will be kept approximately proportional to the Initial allocation specified above. However, the allocations to illiquid investments may be adjusted more slowly. The funded ratio and asset allocation of the Fund will be reviewed regularly or when significant cash flows occur, and will be monitored and reported on at least an annual basis, or upon such more frequent basis as may be requested by City Council or its delegates from time to time. The Fund will be rebalanced as necessary, making use of benefit payments and contributions to the extent possible and considering the transaction costs involved in the rebalancing.

**2.04 Management Structure**

The Master Trust may employ a mix of active and passive management styles. Active management provides the opportunity to outperform specific investment benchmarks and it can provide lower absolute volatility of returns. Passive, or index, management minimizes the risk of underperformance relative to a benchmark index and is generally less expensive than active management. This approach also diversifies the manager risk, making the Master Trust less reliant on the skills of a single Investment Manager.

Because holding large amounts of foreign assets can expose the Master Trust to fluctuations in the level of the Canadian dollar, a portion of the foreign assets may be hedged back into Canadian dollars.

**2.05 Environmental, Social and Governance (ESG) Issues**

The Administrator’s primary responsibility is to make decisions in the best interest of the Plan beneficiaries. This responsibility requires that there be an appropriate balance between the need to seek long-term investment returns to help build better pensions for all members of the Plans and the needs for those returns to be delivered in as stable a manner as possible (given the behaviour of the investment markets).

The Administrator neither favours nor avoids managers and investments based on ESG integration. In keeping with the foregoing, and having regard to the size of the Plans and the pension fund, the Administrator does not take ESG factors into account when making investment decisions. As previously noted, the Administrator has delegated the search for investment managers to its Investment Consultant. On the direction of the Administrator, the Investment Consultant is directed to search and select the best investment managers for investing the assets of the Plans considering factors such as business, staff, historical performance and investment process, since the Administrator believes that these factors will contribute to higher investment returns in the long run and manage risk. Investment Managers are not prohibited from considering ESG factors if they believe that it will have a positive impact on the Plans’ investment returns.



## Section 3—Permitted and Prohibited Investments

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### 3.01 General Guidelines

The investments of the Master Trust must comply with the requirements and restrictions set out in the *Income Tax Act* (Canada) and the *Pension Benefits Act* (Ontario), and their respective Regulations.

### 3.02 Permitted Investments

In general, and subject to the restrictions in this Section 3, the Investment Managers may invest in any of the following asset classes and in any of the investment instruments listed below:

- (a) **Canadian and Foreign Equities**
  - (i) Common and convertible preferred stock the shares of which are (a) listed on a prescribed stock exchange in Canada; or (b) listed on a prescribed stock exchange outside Canada;
  - (ii) Debentures convertible into common or convertible preferred stock, provided such instruments are traded on a recognized public exchange or through established investment dealers;
  - (iii) Rights, warrants and special warrants for common or convertible preferred stock the shares of which are (a) listed on a prescribed stock exchange in Canada; or (b) listed on a prescribed stock exchange outside Canada;
  - (iv) Private placement equities, where the security will be eligible for trading on a recognized public exchange within a reasonable and defined time frame;
  - (v) Instalment receipts, American Depository Receipts, Global Depository Receipts and similar exchange traded instruments;
  - (vi) Units of real estate investment trusts (REITs);
  - (vii) Exchange traded index-participation units (e.g., iUnits; SPDRs);
  - (viii) Income trusts registered as reporting issuers under the Securities Act, domiciled in a Canadian jurisdiction that provides limited liability protection to unit holders; and
  - (ix) Units of limited partnerships which are listed on the TSX exchange.

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- (b) **Canadian and Foreign Fixed Income**
- (i) Bonds, debentures, notes, non-convertible preferred stock and other evidence of indebtedness of Canadian or developed market foreign issuers whether denominated and payable in Canadian dollars or a foreign currency, provided such instruments are traded on a recognized public exchange or through established investment dealers, subject to Section 3.04 below;
  - (ii) Real return bonds, subject to Section 3.04 below;
  - (iii) Mortgages secured against Canadian real estate subject to Section 3.05 below;
  - (iv) Mortgage-backed securities, guaranteed under the *National Housing Act*;
  - (v) Term deposits and guaranteed investment certificates;
  - (vi) Private placements of bonds subject to Section 3.03 below; and,
  - (vii) Investment in bond and debenture issues of the City and affiliated bodies is neither encouraged nor discouraged. The decision by the Investment Manager(s) to invest in such issues is entirely their responsibility and they should be governed by the same degree of due diligence and prudence that they would apply when assessing any other investment in respect of a registered pension plan.
- (c) **Cash and Short Term Investments**
- (i) Cash on hand and demand deposits;
  - (ii) Canadian and U.S. Treasury bills and bonds (with remaining maturities not exceeding 365 days) issued by the federal (Canada & U.S., as applicable) and provincial governments and their agencies;
  - (iii) Sovereign short-term debt instruments of developed countries, with maturities not exceeding 365 days;
  - (iv) Obligations of trust companies and Canadian and foreign banks chartered to operate in Canada, including bankers' acceptances;
  - (v) Commercial paper and term deposits; and
  - (vi) Other money market instruments (maturity not exceeding 365 days).
- (d) **Derivatives**
- Assets are not invested in derivative instruments and the trust will not invest in derivatives directly (including options and futures). In the event that a pooled fund invests in derivatives, prior to investing in such pooled fund, appropriate risk management processes and procedures will be in place in order to help mitigate any risks associated with derivatives. Specifically, all derivative investments will

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be made in accordance with applicable legislation and regulatory policies relating to the investment of pension plan assets in derivatives. The following uses of non-leveraged derivative instruments are permitted:

- (i) Covered put and/or call options with respect to publicly traded securities that are held in the portfolio;
  - (ii) The Investment Manager of an index portfolio may utilize fully backed, i.e. non-leveraged, derivative strategies designed to replicate the performance of specific market indices, i.e.- exchange-traded equity index futures contracts;
  - (iii) Investment Managers may use currency futures contracts and forward contracts to hedge foreign currency exposure; and
  - (iv) Interest rate derivatives can be used to hedge the interest rate risk in the liabilities.
- (e) **Other Investments**
- (i) Investments in open-ended or closed-ended pooled funds provided that the assets of such funds are permissible investments under this Policy, and
  - (ii) Deposit accounts of the Custodian can be used to invest surplus cash holdings.
- (f) **Index Mandates**
- (i) For managers of index mandates, permitted investment vehicles may include all instruments that may form part of the respective index.

### **3.03 Minimum Quality Requirements**

- (a) **Quality Standards**
- Within the investment restrictions for individual portfolios, all portfolios should hold a prudently diversified exposure to the intended market.
- (i) The minimum quality standard for individual bonds and debentures is ‘BBB-’ or equivalent as rated by a Recognized Bond Rating Agency, at the time of purchase.
  - (ii) The minimum quality standard for individual short term investments is ‘R-1’ low or equivalent as rated by a Recognized Bond Rating Agency, at the time of purchase.
  - (iii) The minimum quality standard for individual preferred shares is ‘P-1’ or equivalent as rated by a Recognized Bond Rating Agency, at the time of purchase.
  - (iv) All investments shall be reasonably liquid (i.e. in normal circumstances they should be capable of liquidation within 1 month).

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**(b) Split Ratings**

In cases where the Recognized Bond Rating Agencies do not agree on the credit rating, the bond will be classified according to the following methodology:

- (i) If two agencies rate a security, use the lower of the two ratings;
- (ii) If three agencies rate a security, use the most common; and if four agencies rate a security, use the lowest most common; and
- (iii) If three agencies rate a security and all three agencies disagree, use the middle rating; if four agencies rate a security and all four agencies disagree, use the lowest middle rating.

**(c) Downgrades in Credit Quality**

Each Investment Manager will take the following steps in the event of a downgrade in the credit rating of a portfolio asset by a Recognized Rating Agency to below the purchase standards set out in Section 3.03 (a) Quality Standards:

- (i) The Chief Investments Officer will be notified of the downgrade by telephone at the earliest possible opportunity;
- (ii) Within ten business days of the downgrade, the Investment Manager will advise the Chief Investments Officer in writing of the course of action taken or to be taken by the Investment Manager, and its rationale; and
- (iii) Immediately upon downgrade, the Investment Manager will place the asset on a Watch List subject to monthly review by the Investment Manager with the Chief Investments Officer until such time as the security matures, is sold or until it is upgraded to a level consistent with the purchase quality standards as expressed in the above guidelines.

**(d) Rating Agencies**

For the purposes of this Policy, the following rating agencies shall be considered to be 'Recognized Bond Rating Agencies':

- (i) Dominion Bond Rating Service Limited;
- (ii) Standard and Poor's;
- (iii) Moody's Investors Services Inc.; and
- (iv) Fitch Ratings

**(e) Private Placement Bonds**

Private placement bonds are permitted subject to **all** of the following conditions:

- (i) The issues acquired must be 'A' or equivalent rated;
- (ii) The total investment in such issues must **not** exceed 10% of the market value of the Investment Manager(s) bond portfolio;

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- (iii) The Investment Manager’s portfolio may **not** hold more than 5% of the market value of any one private placement;
- (iv) The Investment Manager(s) must be satisfied that there is sufficient liquidity to ensure sale at a reasonable price; and
- (v) The minimum issue size for any single security must be at least \$150 million.

### **3.04 Maximum Quantity Restrictions**

#### **(a) Total Fund Level**

No one equity holding shall represent more than 10% of the total market value of the Master Trust’s assets.

#### **(b) Individual Investment Manager Level**

The Investment Manager(s) shall adhere to the following restrictions:

##### **(i) Equities**

- (A) No one equity holding shall represent more than 10% of the market value of any one Investment Manager’s equity portfolio.
- (B) No one equity holding shall represent more than 10% of the voting shares of a corporation.
- (C) No one equity holding shall represent more than 10% of the available public float of such equity security.
- (D) Income Trusts shall not comprise more than 15% of any Investment Manager’s Canadian equity portfolio.

##### **(ii) Bonds and Short Term**

- (A) Except for federal and provincial bonds (including government guaranteed bonds), no more than 10% of an Investment Manager’s bond portfolio may be invested in the bonds of a single issuer and its related companies.
- (B) Except for federal and provincial bonds, no one bond holding shall represent more than 10% of the market value of the total outstanding for that bond issue.
- (C) No more than 8% of the market value of an Investment Manager’s bond portfolio shall be invested in bonds rated BBB (this includes all of BBB’s: BBB+, BBB, and BBB-) or equivalent.
- (D) This Policy will permit the continued holding of instruments whose ratings are downgraded below BBB- after purchase, provided that such instruments are disposed of in an orderly fashion.

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- (E) No more than 10% of the market value of an Investment Manager’s bond portfolio shall be invested in bonds denominated in a currency other than Canadian dollars.
- (F) Except for the dedicated real return bond mandate, no more than 10% of the market value of the bond portfolio may be held in real return bonds.

**(iii) Other**

The use of derivative securities shall be supported at all times by the explicit allocation of sufficient assets to back the intended derivative strategy. For greater certainty, Investment Managers are not permitted to leverage the assets of the Master Trust. The use of derivative securities is only permitted for the uses described in this Policy. Purchase or sale of any of these instruments for speculative purposes is prohibited.

Notwithstanding the limits described in this Section, the single security limits do not apply to an Investment Manager’s index mandate.

### **3.05 Prior Permission Required**

The following investments are permitted **provided that** prior permission for such investments has been obtained from the Administrator:

- (a) Investments in private placement equities (except for the foreign equity investment managers investing in pooled funds where the pooled fund policy permits private placement equities).
- (b) Direct investments in mortgages.
- (c) Direct investments in any one parcel of real property that has a book value less than or equal to 5% of the book value of the Master Trust’s assets. The aggregate book value of all investments in real property and Canadian resource properties shall not exceed 25% of the book value of the Master Trust’s assets. (Previously, the overall 25% limit in respect of real and resource properties was a requirement under the *Pension Benefits Act* (Ontario).)
- (d) Direct investments in venture capital financing or private equity partnerships; and
- (e) Derivatives other than those described in 3.02(d).

### **3.06 Prohibited Investments**

The Investment Managers shall not:

- (a) Invest in companies for the purpose of managing them;
- (b) Invest in securities that would result in the imposition of a tax on the Fund under the *Income Tax Act* (Canada) unless they provide a prior written acknowledgement that such investments will result in a tax and receive prior written permission for such investments from the Administrator or;
- (c) Make any investments not specifically permitted by this Policy.

**3.07 Securities Lending**

The investments of the Master Trust may be loaned, for the purpose of generating revenue for the Fund, subject to the provisions of the *Pension Benefits Act* (Ontario) and the *Income Tax Act* (Canada), and applicable regulations.

For securities held in segregated accounts, such loans must be secured by cash and/or readily marketable government bonds, treasury bills and/or letters of credit, discount notes and bankers' acceptances of chartered banks. For loaned securities, the security held or collateral must have an aggregate market value which shall never be less than the percentage of the aggregate market value of the loaned securities which is the highest of: (i) the minimum percentage required by any applicable legislation, regulatory authority or prevailing market practice; or (ii) 105%. The aggregate market value of the loaned securities and of the collateral shall be monitored and calculated by the Custodian daily.

The terms and conditions of any securities lending program will be set out in a contract with the custodian. The custodian shall, at all times, ensure that the Chief Investments Officer has a current list of those institutions that are approved to borrow the Fund's investments.

Lending of the portion of the Master Trust's assets held in a pooled fund is governed by the terms of the conditions set out in the pooled fund Statement of Investment Policies and Procedures or similar document.

**3.08 Borrowing**

The Master Trust shall not borrow money, except to cover short-term contingency and the borrowing is for a period that does not exceed ninety days, subject to the *Pension Benefits Act* (Ontario), the *Income Tax Act* (Canada) and the written permission of the General Manager of Finance and Corporate Services.

**3.09 Conflicts between the Policy and Pooled Fund Investment Policies**

While the guidelines in this Policy are intended to guide the management of the Master Trust, it is recognized that, due to the use of pooled funds, there may be instances where there is a conflict between the Policy and the investment policy of a pooled fund. In that case, the Investment Manager is expected to notify Chief Investments Officer upon the initial review of the Policy and whenever a change in the pooled fund policy creates a conflict. However, it is understood that any ambiguity will be interpreted in favour of the pooled fund policy, provided such interpretation complies with all applicable laws.

## Section 4—Monitoring and Control

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### 4.01 Delegation of Responsibilities

The General Manager of Finance and Corporate Services is the designated contact person for administrative matters. However, City Council has delegated certain administrative duties and responsibilities to internal and external agents, including to the HMRF/HWRF Pension Administration Sub-committee, the Chief Investments Officer and the General Manager of Finance and Corporate Services. Overall responsibility for the Master Trust ultimately rests with City Council, and the City (acting through Council) is the pension plan administrator of the Plans (for each Plan, the "Administrator").

**(a) Chief Investments Officer**

The Chief Investments Officer has been delegated the following responsibilities:

- (i) monitoring the Master Trust asset mix and rebalancing as required, including executing asset mix changes required per the Dynamic Policy Schedules outlined in section 2.03;
- (ii) day-to-day liaison including contract management with external Investment Managers, the Investment Consultant, and the Custodian/Trustee;
- (iii) monitoring and budgeting for cash flow within the pension fund;
- (iv) researching, recommending and implementing improvements to asset management of the Master Trust;
- (v) directing and implementing strategy for self-managed portfolios, if any; and
- (vi) preparing and presenting to City Council and the HMRF/HWRF Pension Administration Sub-Committee a report on the Plan's investment performance and asset mix, and such other information as City Council may require and/or other such information as the Chief Investments Officer considers appropriate to include in the report, on at least an annual basis, or upon such more frequent basis as may be requested by City Council or its delegates from time to time.

**(b) Investment Managers**

The Investment Managers have been delegated the following responsibilities:

- (i) invest the assets of the Master Trust in accordance with this Policy;
- (ii) meet with the Chief Investments Officer as required and provide written reports regarding the Investment Manager's past performance, their future strategies and other issues as requested;



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- (iii) notify the Chief Investments Officer, in writing of any significant changes in the Investment Manager’s philosophies and policies, personnel or organization and procedures;
- (iv) will provide periodically, but no less than on an annual basis, or upon such more frequent basis as may be requested by City Council or its delegates from time to time, lists of assets and such other information as may be requested by the Chief Investments Officer; and,
- (v) file, on at least an annual basis, or upon such more frequent basis as may be requested by City Council or its delegates from time to time compliance reports (see Section 4.03).

**(c) Custodian/Trustee**

The custodian/trustee will:

- (i) Fulfil the regular duties of a Custodian/Trustee as required by law;
- (ii) maintain safe custody over the assets of the Master Trust Plans;
- (iii) execute the instructions of the Chief Investments Officer and the Investment Managers; and
- (iv) record income and provide financial statements to the Chief Investments Officer on at least an annual basis, or upon such more frequent basis as may be requested by City Council or its delegates from time to time, or as otherwise required.

**(d) Investment Consultant**

The investment consultant has been delegated the following responsibilities:

- (i) assist the Chief Investments Officer in developing a prudent long-term asset mix, and specific investment objectives and policies;
- (ii) monitor, analyse and report on the Master Trust’s investment performance and to support the Chief Investments Officer on any investment related matters;
- (iii) monitor and report the funded status of the Plans to the Chief Investments Officer on at least an annual basis, or upon such more frequent basis as may be requested by City Council or its delegates from time to time;
- (iv) assist with the selection of Investment Managers, custodians and other suppliers; and
- (v) meet with the Chief Investments Officer as required.

**(e) Actuary**

The actuary has been delegated the following responsibilities:

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- (i) perform actuarial valuations of the Plan as required; and
- (ii) advise the Chief Investments Officer and the Investment Consultant on any matters relating to Plan design, membership and contributions, and actuarial valuations.

#### 4.02 Performance Measurement

For the purpose of evaluating the performance of the Master Trust and the Investment Managers, all rates of returns are measured over moving four-year periods. Return objectives are net of fees and include realized and unrealized capital gains or losses plus income from all sources. Returns will be measured quarterly and will be calculated as time-weighted rates of return.

**(a) Active and Index Canadian Equity Managers**

Investment results of the active and index Canadian Equity Managers are to be tested regularly against a Benchmark Portfolio comprising:

Benchmark	%
S&P/TSX Composite Index	100

**(b) Active and Index Global Equity Managers**

Investment results of the active and index Global Equity Managers are to be tested regularly against a long-term Benchmark Portfolio comprising:

Benchmark	%
MSCI World Index (C\$)	100

**(c) Active and Index Canadian Bond Managers – Long Bonds**

Investment results of the active and index Canadian Bond Managers for Long Bonds are to be tested regularly against a Benchmark Portfolio comprising:

Benchmark	%
FTSE Canada Long Bond Index	100

**(d) Active and Index Canadian Bond Managers – Real Return Bonds**

Investment results of the active and index Canadian Bond Managers for Real Return Bonds are to be tested regularly against a Benchmark Portfolio comprising:

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Benchmark	%
FTSE Canada Real Return Bond Index	100

#### **4.03 Compliance Reporting by Investment Manager**

The Investment Managers are required to complete and deliver a compliance report to the Chief Investments Officer and the Investment Consultant on at least an annual basis, or upon such more frequent basis as may be requested by City Council or its delegates from time to time. The compliance report will indicate whether or not the Investment Manager was in compliance with this Policy during the period covered in the report.

In the event that an Investment Manager is not in compliance with this Policy, the Investment Manager is required to advise the Chief Investments Officer immediately, detail the nature of the non-compliance and recommend an appropriate course of action to remedy the situation.

The Master Trust invests in pooled funds with separate investment policies. In that case, the Investment Manager must confirm compliance to the pooled fund policy. In addition, should a conflict arise between a pooled fund policy and this Policy, the Investment Manager is required to advise the Chief Investments Officer immediately and detail the nature of the conflict.

#### **4.04 Standard of Professional Conduct**

The Investment Managers are expected to comply, at all times and in all respects, with a written code of ethics that is no less stringent in all material respects than the Code of Ethics and Standards of Professional Conduct as promulgated by the CFA Institute.

The Investment Managers will manage the assets with the care, diligence and skill that an investment manager of ordinary prudence would use in dealing with pension plan assets. The Investment Managers will also use all relevant knowledge and skill that they possess or ought to possess as prudent investment managers.

## Section 5—Administration

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### 5.01 Conflicts of Interest

#### (a) Responsibilities

This standard applies to the City’s staff, as well as to all agents employed by the City, in the execution of their responsibilities under the *Pension Benefits Act* (Ontario) (the “Affected Persons”).

An “agent” is defined to mean a company, organization, association or individual, as well as its employees who are retained by the Administrator to provide specific services with respect to the investment, administration and management of the assets of the Master Trust.

#### (b) Disclosure

In the execution of their duties, the Affected Persons shall disclose any material conflict of interest relating to them, or any material ownership of securities, which could impair their ability to render unbiased advice, or to make unbiased decisions, affecting the administration of the Master Trust assets.

Further, it is expected that no Affected Person shall make any personal financial gain (direct or indirect) because of his or her fiduciary position. However, normal and reasonable fees and expenses incurred in the discharge of their responsibilities are permitted in accordance with City policies as approved by Council.

No Affected Person shall accept a gift or gratuity or other personal favour, other than one of nominal value, from a person with whom the employee deals in the course of performance of his or her duties and responsibilities for the Master Trust.

It is incumbent on any Affected Person who believes that he or she may have a conflict of interest, or who is aware of any conflict of interest, to disclose full details of the situation to the attention of the General Manager of Finance and Corporate Services and/or the Treasurer immediately. The General Manager of Finance and Corporate Services and/or the Treasurer, in turn, will decide what action is appropriate under the circumstances.

No Affected Person who has or is required to make a disclosure as contemplated in this Policy shall participate in any discussion, decision or vote relating to any proposed investment or transaction in respect of which he or she has made or is required to make disclosure, unless otherwise determined permissible by decision of the General Manager of Finance and Corporate Services and/or the Treasurer.

**5.02 Related Party Transactions**

The Chief Investments Officer shall not, on behalf of the Plans or the Master Trust, directly or indirectly,

- (i) lend the moneys of the Plans to a related party or use those moneys to hold an investment in the securities of a related party; or
- (ii) enter into a transaction with a related party.

The Chief Investments Officer may enter into a transaction with a related party:

- (i) for the operation or administration of the Plans if it is under terms and conditions that are not less favourable to the Plans than market terms and conditions and such transaction does not involve the making of loans to, or investments in, the related party or
- (ii) the value of the transaction is nominal or the transaction is immaterial. In assessing whether the value of the transaction is nominal or immaterial, two or more transactions with the same related party shall be considered as a single transaction.

For the purposes of Section 5.02, only the market value of the combined assets of the Fund shall be used as the criteria to determine whether a transaction is nominal or immaterial. Transactions less than 0.5% of the combined market value of the assets of the Fund are considered nominal.

The following investments are exempt from the related party rules:

- (i) investments in an investment fund or a segregated fund (as those terms are used in the *Pension Benefits Standards Regulations*) in which investors other than the administrator and its affiliates may invest and that complies with Section 9 and Section 11 of Schedule III to the *Pension Benefits Standards Regulations*;
- (ii) investments in an unallocated general fund of a person authorized to carry on a life insurance business in Canada;
- (iii) investments in securities issued or fully guaranteed by the Government of Canada, the government of a province, or an agency of either one of them;

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- (iv) investments in a fund composed of mortgage-backed securities that are fully guaranteed by the Government of Canada, the government of a province, or an agency of either one of them;
- (v) investments in a fund that replicates the composition of a widely recognized index of a broad class of securities traded at a marketplace (as that term is used in the *Pension Benefits Standards Regulations*); or
- (vi) investments that involve the purchase of a contract or agreement in respect of which the return is based on the performance of a widely recognized index of a broad class of securities traded at a marketplace (as that term is used in the *Pension Benefits Standards Regulations*).

A “related party” is defined to mean the Administrator of the Plans, including any officer, director or employee of the Administrator. It also includes, the Investment Managers and their employees, a union representing employees of the employer, a member of the Master Trust, a spouse or child of the persons named previously, or a corporation that is directly or indirectly controlled by the persons named previously, and any other person constituting a “related party” under the *Pension Benefits Act* (Ontario). Related party does not include government or a government agency, or a bank, trust company or other financial institution that holds the assets of the Master Trust.

### **5.03 Selecting Investment Managers**

In the event that a new Investment Manager must be selected or additional Investment Manager(s) added to the existing Investment Manager(s), the Chief Investments Officer will undertake an Investment Manager search with or without the assistance of a third-party investment consultant depending on the expertise required. The criteria used for selecting an Investment Manager will be consistent with the investment and risk philosophy set out in Section 1.04 (Investment and Risk Philosophy).

### **5.04 Directed Brokerage Commissions**

Investment Managers may use directed brokerage to pay for research and other investment related services provided they comply with, and provide the disclosure required by, the Soft Dollar Standards promulgated by the CFA Institute.

### **5.05 Monitoring of Asset Mix**

In order to ensure that the Master Trust operates within the minimum and maximum guidelines stated in this Policy as outlined in Section 2, the Chief Investments Officer shall monitor the asset mix on at least an annual basis, or upon such more frequent basis as may be requested by City Council or its delegates from time to time. Rebalancing between the investment mandates can take place over a reasonably short period of time after an imbalance has been identified. Rebalancing may be effected by redirecting the net cash flows to and from the Master Trust, or by transferring cash or securities between portfolios and/or Investment Managers.

**5.06 Monitoring of Investment Managers**

An important element in the success of this Policy is the link between the Investment Managers and the Chief Investments Officer. It is expected that the Investment Managers will communicate with the Chief Investments Officer whenever necessary. Periodic, written investment reports from the Investment Managers are sent to and reviewed by the Chief Investments Officer and form part of the monitoring process.

Meetings including telephone conference call meetings between the Investment Managers and the Chief Investments Officer will be scheduled as required. At each meeting or telephone conference call meeting, it is expected that the Investment Managers will prepare a general economic and capital markets overview, which will be distributed prior to or during the meeting. They should also include the following in their presentations:

- review of the previous period's strategy and investment results,
- discussion of how the condition of the capital markets affects the investment strategy of their respective portfolios,
- economic and market expectations,
- anticipated changes in the asset mix within the limits provided in this Policy, and,
- discussion of compliance and any exceptions.
- discussion of any votes that were cast against the wishes of company management by the Investment Managers in exercising voting rights (Section 5.08).

**5.07 Dismissal of an Investment Manager**

Reasons for considering the termination of the services of an Investment Manager include, but are not limited to, the following factors:

- (a) performance results which are below the stated performance benchmarks;
- (b) changes in the overall structure of the Master Trusts' assets such that the Investment Manager's services are no longer required;
- (c) change in personnel, firm structure or investment philosophy which might adversely affect the potential return and/or risk level of the portfolio; and/or
- (d) failure to adhere to this Policy.

**5.08 Voting Rights**

The Administrator has delegated voting rights acquired through the investments held by the Master Trust to the custodian of the securities to be exercised in accordance with the Investment Manager's instructions. Investment Managers are expected to exercise all voting rights related to investments held by the Master Trust in the interests of the members of the underlying pension plans. The Investment Managers shall report when they vote against the wishes of the company management to the Chief Investments Officer, providing information as to the reasons behind this vote.

**5.09 Valuation of Investments Not Regularly Traded**

The following principles will apply for the valuation of investments that are not traded regularly:

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- (a) **Equities**  
Average of bid-and-ask prices from two major investment dealers, at least once every calendar quarter.
- (b) **Bonds**  
Same as for equities.
- (c) **Mortgages**  
Unless in arrears, the outstanding principal plus/minus the premium/discount resulting from the differential between face rate and the currently available rate for a mortgage of similar quality and term, determined at least once every month.
- (d) **Real Estate**  
A certified written appraisal from a qualified independent appraiser at least once every two years.

**5.10 Policy Review**

This Policy may be reviewed and revised at any time, but at least once every calendar year it must be formally reviewed. Should the Investment Manager(s) wish to review this Policy at any time, it is his/her responsibility to contact the Chief Investments Officer with specific recommendations.

The appropriateness of the Dynamic Investment Policy asset allocation parameters should be reviewed on an ongoing basis. A new Dynamic Investment Policy Study (Dynamic Asset-Liability Modeling Study) may be undertaken if any of the following events occur:

- (a) The plan gets significantly closer to the end-state of the flight path, including if the flight path funded ratio measurement changes significantly (to over 84%) from the starting point of the 2010 study, which was 69%.
- (b) There are significant changes to the regulations that affect the key metrics used in making decisions in the 2010 Dynamic Investment Policy Study or should affect the asset allocation in the future;
- (c) Capital market conditions change significantly such that the assumptions embedded in the 2010 Dynamic Investment Policy Study are no longer reasonable; or
- (d) The plan sponsor's risk posture changes significantly.



## Appendix A - Statement of Investment Policies & Procedures Hamilton Municipal Retirement Fund

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### Overview

#### 1.01 Purpose of Statement

This Statement of Investment Policies and Procedures (the "Hamilton Municipal Retirement Fund SIPP") provides the framework for the investment of the assets of the Hamilton Municipal Retirement Fund, registration number 0275123 (the "Plan");

The objective of the Hamilton Municipal Retirement Fund SIPP is to ensure that the assets of the Plan, together with expected contributions made by both the City and the Plan members, shall be invested in a continued prudent and effective manner.

The Hamilton Municipal Retirement Fund SIPP is based on the "prudent person portfolio approach" to ensure the prudent investment and administration of the assets of the Plan (the "Fund") are within the parameters set out in the *Pension Benefits Act*, (Ontario) and the Regulations thereunder.

All provisions in the Master Trust SIPP apply to this Appendix.

#### 1.02 Background of the Plan

The Hamilton Municipal Retirement Fund is a contributory defined benefit plan. The plan has been closed to new entrants since 1965. Municipal employees hired after June 30, 1965 participate in the OMERS Pension Plan. Therefore, this is a closed fund and will terminate upon the death of the last retiree or successor. Effective July 1, 2001, the last active member retired from the Plan.

#### 1.03 Plan Profile

##### a) Contributions

There are no active members in the Plan.

##### b) Benefits

2% of average annual earnings in best consecutive 5 years before retirement for each year of credited service up to 35 years reduced by 0.675% of the 5-year average earnings up to the final year's YMPE for each year of contributory service after January 1, 1966. CPP Offset suspended from date of retirement to age 65. Effective Jan 1, 2006 annual increases will not be less than the increase provided to retirees under the OMERS plan.

##### c) Liabilities

As of the most recent actuarial valuation of the Plan as at December 31, 2021 there were no active members, 3 deferred members and 148 retirees and beneficiaries.

As of December 31, 2021, the going-concern liability of the plan was \$58,278,888, including a Provision for Adverse Deviation (PfAD) of \$3,143,871, compared to the actuarial value of assets of \$73,721,565. On a solvency basis, the liability was \$48,960,477, while the assets (at market) were \$73,571,565 (net of a provision for

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plan windup expenses of \$150,000). On a windup basis, the liability was \$60,690,521.

**1.04 Objective of the Plan**

The objective of the Plans is to provide members of the Plans with retirement benefits prescribed under the terms thereof.

**1.05 Investment and Risk Philosophy**

The primary investment objective is to provide an economic return on assets sufficient to fund plan liabilities over the long-term, while adhering to prudent investment practices.

The investment philosophies and strategies must take into account both return and risk objectives of the Plan and the City.

In recognition of the risk and return objectives of the Plan and the City, an initial Asset Allocation Policy was developed based on the Plan's current funded status and the characteristics of the Plan and City. It is recognized, however, that the Plan return requirements and risk tolerance will change over time, and the intent is to reallocate the portfolio to lower risk allocations dynamically as the Plan's funded status improves.

**1.06 Administration**

The General Manager of Finance and Corporate Services for the City of Hamilton is the designated contact at the City for administrative purposes.

**1.07 Pooling of Assets**

For investment purposes, certain assets of the Plan are invested in units of the City of Hamilton Defined Benefit Plans Master Trust, along with certain assets of the Hamilton-Wentworth Retirement Fund and the Hamilton Street Railway Pension Plan (1994).

Up to 2 % of Plan assets may be invested outside of the City of Hamilton Defined Benefit Plans Master Trust for operating expenses and liquidity purposes, in accordance with the parameters set out in Section 3.02 (c) and (e) of the City of Hamilton Defined Benefit Plans Master Trust SIPP. The provisions of the City of Hamilton Defined Benefit Plans Master Trust SIPP apply to the investment of these assets.

**1.08 Master Trust SIPP**

The Master Trust SIPP is the policy that should be followed while investing the pooled assets of the Hamilton Municipal Retirement Fund.

## Appendix B - Statement of Investment Policies & Procedures Hamilton Street Railway Pension Plan (1994)

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### Overview

#### 1.01 Purpose of Statement

This Statement of Investment Policies and Procedures (the "Hamilton Street Railway Pension Plan SIPP") provides the framework for the investment of the assets of the Hamilton Street Railway Pension Plan (1994), registration number 0253344 (the "Plan");

The objective of the Hamilton Street Railway Pension Plan SIPP is to ensure that the assets of the Plan, together with expected contributions made by both the City and the Plan members, shall be invested in a continued prudent and effective manner.

The Hamilton Street Railway Pension Plan SIPP is based on the "prudent person portfolio approach" to ensure the prudent investment and administration of the assets of the Plan (the "Fund") are within the parameters set out in the *Pension Benefits Act*, (Ontario) and the Regulations thereunder.

All provisions in the Master Trust SIPP apply to this Appendix.

#### 1.02 Background of the Plan

The current Plan dates from January 1, 1994 when two former plans – Canada Coach Lines and Hamilton Street Railway plans were merged. Effective January 1, 2009 this contributory defined benefit plan was closed to new members and active members stopped contributing and accruing service under the plan.

#### 1.03 Plan Profile

##### a) Contributions

Under the terms of the Plan text, members' contributions prior to 1999 were 7.5% of earnings less contributions made to Canada Pension Plan. For the calendar years 1999 through 2008, members (depending on the year) either enjoyed a contribution holiday or were limited to contribution rates of 1% of earnings. Effective January 2009, as members became City employees, no member contributions have been required or permitted to be made to the Plan.

##### b) Benefits

Members receive a pension equal to 1.5% of average pensionable earnings up to the average Year's Maximum Pensionable Earnings (YMPE) as established under the Canada Pension Plan, plus 2% of the excess, multiplied by years of credited service accrued up to December 31, 2008. The "average pensionable earnings" are defined as the average of best five years' earnings during the member's credited service and OMERS credited service, if any. The "average YMPE" is defined as the average of the YMPE for the last thirty-six complete months of plan membership.

In the event that pensions accrued under the prior plan exceed the pension accrued under the current plan for service prior to July 1, 1980, then the pension is increased accordingly. Pensions are subject to annual indexing equal to the indexing provided

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to retirees under the OMERS plan (100% of inflation to a maximum of 6% per annum).

**c) *Liabilities***

As of the most recent actuarial valuation of the Plan as at January 1, 2020, there were 315 active members, 29 deferred members and 610 retirees and beneficiaries. The average age of the active members was approximately 54.3 years with average pensionable earnings of \$70,474.

As of January 1, 2020, the going-concern liability of the plan was \$228,695,400, including a Provision for Adverse Deviation (PfAD) of \$17,103,300, compared to the actuarial value of assets of \$211,167,500. On a solvency basis, the liability was \$216,314,100 while the assets (at market) were \$210,967,500 (net of a provision for plan windup expenses of \$200,000). On a windup basis the liability was \$315,487,000.

The going-concern deficit is being eliminated through a series of special payments. No special payments are required for the solvency deficit since the solvency ratio exceeds .85.

#### **1.04 Objective of the Plan**

The objective of the Plan is to provide members of the Plan with retirement benefits prescribed under the terms thereof.

#### **1.05 Investment and Risk Philosophy**

The primary investment objective is to provide an economic return on assets sufficient to fund plan liabilities over the long-term, while adhering to prudent investment practices.

The investment philosophies and strategies must take into account both return and risk objectives of the Plan and the City.

In recognition of the risk and return objectives of the Plan and the City, an initial Asset Allocation Policy was developed based on the Plan’s current funded status and the characteristics of the Plan and City. It is recognized, however, that the Plan return requirements and risk tolerance will change over time, and the intent is to reallocate the portfolio to lower risk allocations dynamically as the Plan’s funded status improves.

#### **1.06 Administration**

The General Manager of Finance and Corporate Services for the City of Hamilton is the designated contact at the City for administrative purposes.

#### **1.07 Pooling of Assets**

For investment purposes, certain assets of the Plan are invested in units of the City of Hamilton Defined Benefit Plans Master Trust, along with certain assets of the Hamilton-Wentworth Retirement Fund and the Hamilton Municipal Retirement Fund.

Up to 2 % of Plan assets may be invested outside of the City of Hamilton Defined Benefit Plans Master Trust for operating expenses and liquidity purposes, in accordance with the

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parameters set out in Section 3.02 (a), (c) and (e) of the City of Hamilton Defined Benefit Plans Master Trust SIPP. The provisions of the City of Hamilton Defined Benefit Plans Master Trust SIPP apply to the investment of these assets.

**1.08 Master Trust SIPP**

The Master Trust SIPP is the policy that should be followed while investing the pooled assets of the Hamilton Street Railway Pension Plan (1994).

## Appendix C - Statement of Investment Policies & Procedures The Hamilton-Wentworth Retirement Fund

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### Overview

#### 1.01 Purpose of Statement

This Statement of Investment Policies and Procedures (the "Hamilton-Wentworth Retirement Fund SIPP") provides the framework for the investment of the assets of the Hamilton-Wentworth Retirement Fund, registration number 1073352 (the "Plan");

The objective of the Hamilton-Wentworth Retirement Fund SIPP is to ensure that the assets of the Plan, together with expected contributions made by both the City and the Plan members, shall be invested in a continued prudent and effective manner.

The Hamilton-Wentworth Retirement Fund SIPP is based on the "prudent person portfolio approach" to ensure the prudent investment and administration of the assets of the Plan (the "Fund") are within the parameters set out in the *Pension Benefits Act*, (Ontario) and the Regulations thereunder.

All provisions in the Master Trust SIPP apply to this Appendix.

#### 1.02 Background of the Plan

The Plan is a contributory, defined benefit Plan. Effective January 1, 1985 all active Region Other Participants, excluding Police Civilians, were transferred to OMERS. The liability to transfer such members to OMERS was met by monthly payments of \$115,187 until December 31, 2000 and monthly payments of \$361 thereafter, concluding September 30, 2003. Effective January 1, 2002, the last active member retired from the plan.

#### 1.03 Plan Profile

##### a) Contributions

Under the terms of the Plan text:

For normal retirement age 60 class:

- 1) Senior Police Officers: contributions should be 7% of earnings up to the YMPE plus 8.5% of contributory earnings in excess of YMPE.
- 2) Other Police Officers: contributions should be 6.5% of earnings up to YMPE plus 8% of contributory earnings in excess of YMPE.

For a normal retirement age of 65 contributions should be 5.75% of earnings.

##### b) Benefits

2% of average annual earnings in best 5 years before retirement for each year of credited service up to 35 years reduced by 0.675% of the 5-year average earnings up to the final year's YMPE for each year of contributory service after January 1, 1966. CPP Offset suspended from date of retirement to age 65. Effective Jan 1, 2006 annual increases will not be less than the increase provided to retirees under the

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OMERS plan, which is currently equal to 100% of the increase in the Consumer Price Index to a maximum of 6.0% per annum.

**c) *Liabilities***

As of the most recent actuarial valuation of the Plan as at December 31, 2021, there were no active members, no deferred members and 124 retirees and beneficiaries.

As of December 31, 2021, the going-concern liability of the plan was \$47,727,000, including a Provision for Adverse Deviation (PfAD) of \$3,510,000, compared to the actuarial value of assets of \$54,459,000. On a solvency basis, the liabilities were \$44,957,000 while the assets were \$54,389,000 (net of a provision for plan windup expenses of \$70,000). On a windup basis the liability was \$55,457,000.

**1.04 Objective of the Plan**

The objective of the Plan is to provide members of the Plan with retirement benefits prescribed under the terms thereof.

**1.05 Investment and Risk Philosophy**

The primary investment objective is to provide an economic return on assets sufficient to fund plan liabilities over the long-term, while adhering to prudent investment practices.

The investment philosophies and strategies must take into account both return and risk objectives of the Plan and the City.

In recognition of the risk and return objectives of the Plan and the City, an initial Asset Allocation Policy was developed based on the Plan’s current funded status and the characteristics of the Plan and City. It is recognized, however, that the Plan return requirements and risk tolerance will change over time, and the intent is to reallocate the portfolio to lower risk allocations dynamically as the Plan’s funded status improves.

**1.06 Administration**

The General Manager of Finance and Corporate Services for the City of Hamilton is the designated contact at the City for administrative purposes.

**1.07 Pooling of Assets**

For investment purposes, certain assets of the Plan are invested in units of the City of Hamilton Defined Benefit Plans Master Trust, along with certain assets of the Hamilton Street Railway Pension Plan (1994) and the Hamilton Municipal Retirement Fund.

Up to 2 % of Plan assets may be invested outside of the City of Hamilton Defined Benefit Plans Master Trust for operating expenses and liquidity purposes, in accordance with the parameters set out in Section 3.02 (c) and (e) of the City of Hamilton Defined Benefit Plans Master Trust SIPP. The provisions of the City of Hamilton Defined Benefit Plans Master Trust SIPP apply to the investment of these assets.

**1.08 Master Trust SIPP**

The Master Trust SIPP is the policy that should be followed while investing the pooled assets of the Hamilton-Wentworth Retirement Fund Pension Plan.

## **Appendix D – Compliance Reports**

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**The City of Hamilton Master Trust  
Index Bond Manager**

**Compliance Report for the Quarter Ended \_\_\_\_\_  
(date)**

		<b>GUIDELINES</b>	<b>POLICY COMPLIED WITH  YES/NO *</b>
<b>ASSET MIX (at Market Value)</b>		%	
<b>FIXED INCOME</b>	BONDS	100%	
<b>CASH</b>	SHORT-TERM & CASH	0%	
<b>CONSTRAINTS</b>			
<b>GENERAL</b>	Investment Policy Section 3.01 – General Guidelines		
<b>BONDS</b>	Investment Policy Section 3.02 (b) – Bonds		
<b>CASH</b>	Investment Policy Section 3.02 (c) – Cash		
<b>DERIVATIVES</b>	Investment Policy Section 3.02 (c) – Derivatives		
<b>OTHER</b>	Investment Policy Section 3.02 (e) – Other Investments		
<b>INDEX</b>	Investment Policy Section 3.02 (f) – Index Mandates		
<b>QUALITY REQUIREMENTS</b>	Investment Policy Section 3.03 – Minimum Quality Requirements		
<b>QUANTITY RESTRICTIONS</b>	Investment Policy Section 3.04 – Maximum Quantity Restrictions		
<b>PRIOR PERMISSION</b>	Investment Policy Section 3.05 – Prior Permission Required		
<b>PROHIBITED INVESTMENTS</b>	Investment Policy Section 3.06 – Prohibited Investments		
<b>SECURITIES LENDING</b>	Investment Policy Section 3.07 – Securities Lending		
<b>RESPONSIBILITIES</b>	Investment Policy Section 4.01 (b) – Delegation of Responsibilities – Investment Managers		
<b>STANDARDS OF PROFESSIONAL CONDUCT</b>	Investment Policy Section 4.04 - Standards of Professional Conduct		
<b>CONFLICTS OF INTEREST</b>	Investment Policy Section 5.01 - Conflicts of Interest		
<b>VOTING RIGHTS</b>	Investment Policy Section 5.08 - Voting Rights		

\* If policy not complied with, comment on specifics

**COMPLETED BY:** \_\_\_\_\_ **SIGNED BY:** \_\_\_\_\_

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**The City of Hamilton Master Trust  
Index Equity Manager**

Compliance Report for the Quarter Ended \_\_\_\_\_  
(date)

		GUIDELINES	POLICY COMPLIED WITH YES/NO *
<b>ASSET MIX (at Market Value)</b>		%	
<b>EQUITIES</b>			
	U.S.		
	EAFE		
	TOTAL FOREIGN		
<b>CASH</b>	SHORT-TERM & CASH		
<b>CONSTRAINTS</b>			
<b>GENERAL</b>	Investment Policy Section 3.01 – General Guidelines		
<b>EQUITIES</b>	Investment Policy Section 3.02 (a) – Canadian and Foreign Equities		
<b>CASH</b>	Investment Policy Section 3.02 (c) – Cash and Short Term Investments		
<b>DERIVATIVES</b>	Investment Policy Section 3.02 (d) – Derivatives		
<b>OTHER INVESTMENTS</b>	Investment Policy Section 3.02 (e) – Other Investments		
<b>INDEX</b>	Investment Policy Section 3.02 (f) – Index Mandates		
<b>QUALITY REQUIREMENTS</b>	Investment Policy Section 3.03 – Minimum Quality Requirements		
<b>QUANTITY RESTRICTIONS</b>	Investment Policy Section 3.04 – Maximum Quantity Restrictions		
<b>PRIOR PERMISSION</b>	Investment Policy Section 3.05 – Prior Permission Required		
<b>PROHIBITED INVESTMENTS</b>	Investment Policy Section 3.06 – Prohibited Investments		
<b>SECURITIES LENDING</b>	Investment Policy Section 3.07 – Securities Lending		
<b>BORROWING</b>	Investment Policy Section 3.08 – Borrowing		
<b>RESPONSIBILITIES</b>	Investment Policy Section 4.01 (b) – Delegation of Responsibilities – Investment Managers		
<b>STANDARDS OF PROFESSIONAL CONDUCT</b>	Investment Policy Section 4.04 - Standards of Professional Conduct		
<b>CONFLICTS OF INTEREST</b>	Investment Policy Section 5.01 - Conflicts of Interest		
<b>VOTING RIGHTS</b>	Investment Policy Section 5.08 - Voting Rights		

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**The City of Hamilton Master Trust  
Active Bond Manager**

**Compliance Report for the Quarter Ended \_\_\_\_\_  
(date)**

		<b>GUIDELINES</b>	<b>POLICY COMPLIED WITH YES/NO *</b>
<b>ASSET MIX (at Market Value)</b>		%	
<b>FIXED INCOME</b>	BONDS	100%	
<b>CASH</b>	SHORT-TERM & CASH	0%	
<b>CONSTRAINTS</b>			
<b>GENERAL</b>	Investment Policy Section 3.01 – General Guidelines		
<b>BONDS</b>	Investment Policy Section 3.02 (b) – Bonds		
<b>CASH</b>	Investment Policy Section 3.02 (c) – Cash		
<b>DERIVATIVES</b>	Investment Policy Section 3.02 (c) – Derivatives		
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<b>RESPONSIBILITIES</b>	Investment Policy Section 4.01 (b) – Delegation of Responsibilities – Investment Managers		
<b>STANDARDS OF PROFESSIONAL CONDUCT</b>	Investment Policy Section 4.04 - Standards of Professional Conduct		
<b>CONFLICTS OF INTEREST</b>	Investment Policy Section 5.01 - Conflicts of Interest		
<b>VOTING RIGHTS</b>	Investment Policy Section 5.08 - Voting Rights		

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**The City of Hamilton Master Trust  
Active Equity Manager**

**Compliance Report for the Quarter Ended \_\_\_\_\_  
(date)**

		<b>GUIDELINES</b>	<b>POLICY COMPLIED WITH YES/NO *</b>
<b>ASSET MIX (at Market Value)</b>		%	
<b>EQUITIES</b>	CANADIAN		
	U.S.		
	EAFE		
	TOTAL FOREIGN		
<b>CASH</b>	SHORT-TERM & CASH		
<b>CONSTRAINTS</b>			
<b>GENERAL</b>	Investment Policy Section 3.01 – General Guidelines		
<b>EQUITIES</b>	Investment Policy Section 3.02 (a) – Canadian and Foreign Equities		
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