

The City of Hamilton Master Trust Period Ending 30 June 2019

Performance Review and Investment Manager Evaluation

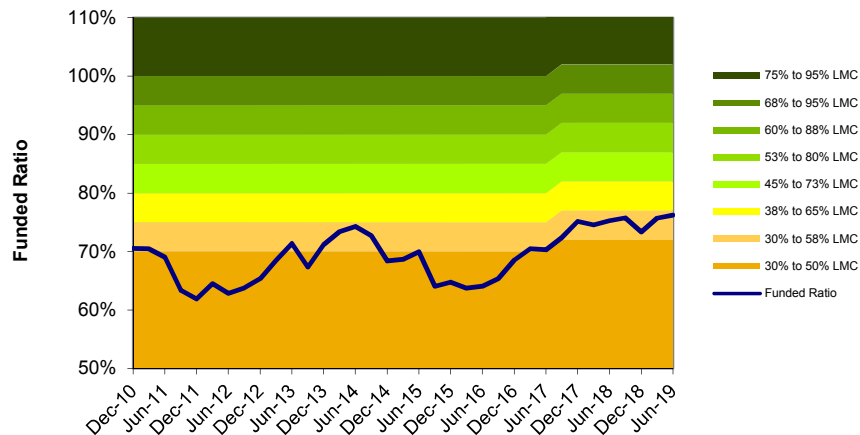
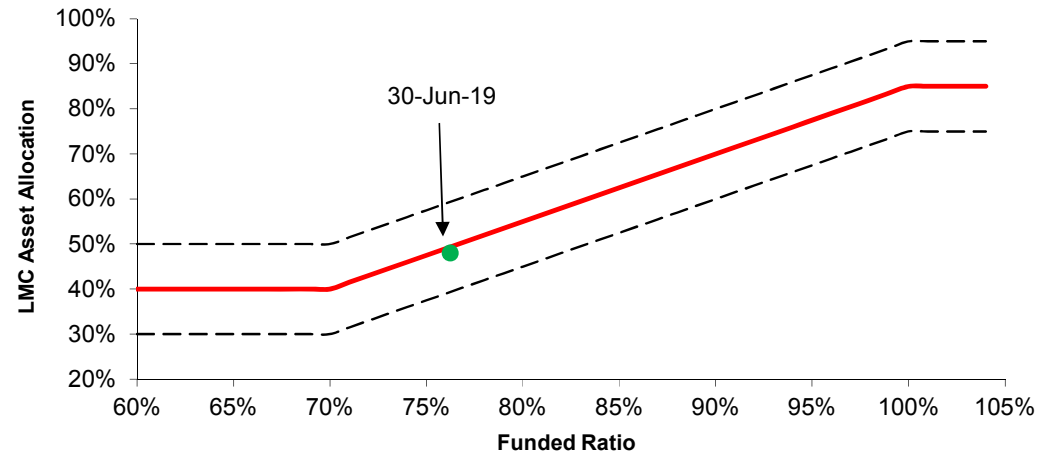
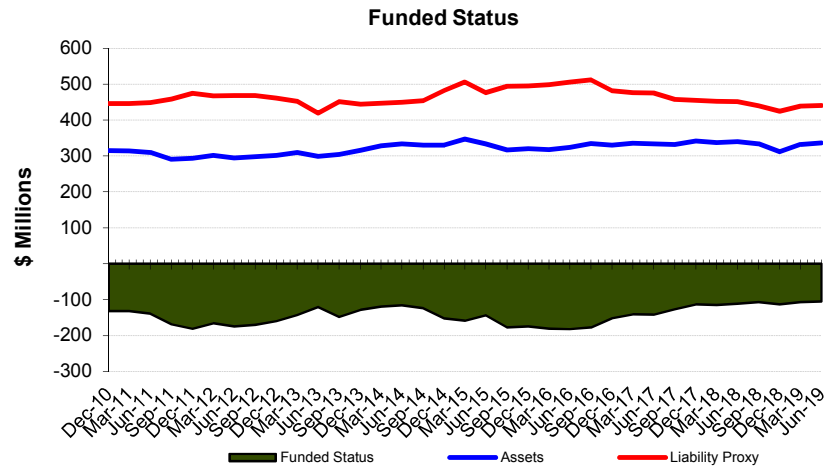
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Executive Summary

Quarterly Performance Report for the City of Hamilton Funded Status and Glide Path Information for June 30, 2019



Snapshot (Wind-Up)

	30-Sep-18	31-Dec-18	31-Mar-19	30-Jun-19
Market value of assets (\$ Millions)	\$333.8	\$311.5	\$332.4	\$336.4
Liability proxy (\$ Millions)	\$440.4	\$424.5	\$439.0	\$441.3
Funded status (\$ Millions)	(\$106.6)	(\$113.0)	(\$106.6)	(\$104.9)
Funded ratio	75.8%	73.4%	75.7%	76.2%
Current LMC Asset Allocation	43.5%	46.7%	46.5%	48.0%

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, 2019 is within the range determined acceptable for the current funded ratio (76.2%), the asset mix does not require rebalancing.

Trailing Period Performance

As of 30 June 2019

	Allocation		Performance (%)						
	Market Value (\$000)	%	1 Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
Total Fund	336,441	100.0	2.4 (48)	4.1 (74)	5.7 (59)	6.8 (76)	5.9 (66)	6.0 (77)	8.0 (73)
Benchmark			3.2 (15)	6.4 (30)	7.0 (25)	7.4 (40)	6.5 (34)	6.9 (36)	8.2 (69)
Value Added			-0.8	-2.3	-1.3	-0.6	-0.6	-0.9	-0.2
Canadian Equity	96,900	28.8	1.1 (87)	-1.1 (80)	5.5 (64)	9.4 (17)	7.5 (20)	6.2 (25)	10.2 (22)
Guardian (including cash)	43,146	12.8	2.3 (59)	4.8 (31)	7.8 (16)	9.0 (27)	7.6 (19)	6.2 (25)	8.7 (62)
S&P/TSX Composite			2.6 (50)	3.9 (43)	7.1 (36)	8.4 (46)	6.2 (59)	4.7 (61)	7.8 (80)
Value Added			-0.3	0.9	0.7	0.6	1.4	1.5	0.9
Letko (including cash)	53,753	16.0	0.1 (91)	-5.2 (90)	3.7 (82)	9.3 (18)	7.3 (28)	6.1 (28)	10.9 (17)
S&P/TSX Composite			2.6 (50)	3.9 (43)	7.1 (36)	8.4 (46)	6.2 (59)	4.7 (61)	7.8 (80)
Value Added			-2.5	-9.1	-3.4	0.9	1.1	1.4	3.1
Global Equities	76,603	22.8	0.4 (69)	2.8 (66)	5.5 (75)	10.0 (73)	6.5 (86)	7.3 (91)	9.6 (95)
Aberdeen	13,892	4.1	1.5 (53)	5.4 (43)	6.7 (66)	9.8 (75)	7.0 (80)	7.1 (92)	-
MSCI World (Net)			1.8 (47)	5.7 (41)	9.1 (41)	11.9 (47)	9.2 (47)	11.1 (51)	12.0 (63)
Value Added			-0.3	-0.3	-2.4	-2.1	-2.2	-4.0	-
Brandes	14,155	4.2	-0.5 (85)	0.7 (79)	4.9 (81)	10.4 (69)	5.8 (90)	7.7 (89)	10.8 (82)
MSCI World (Net)			1.8 (47)	5.7 (41)	9.1 (41)	11.9 (47)	9.2 (47)	11.1 (51)	12.0 (63)
Value Added			-2.3	-5.0	-4.2	-1.5	-3.4	-3.4	-1.2
GMO	48,556	14.4	0.4 (69)	2.8 (66)	5.4 (77)	10.1 (72)	6.7 (84)	7.7 (89)	-
MSCI World (Net)			1.8 (47)	5.7 (41)	9.1 (41)	11.9 (47)	9.2 (47)	11.1 (51)	12.0 (63)
Value Added			-1.4	-2.9	-3.7	-1.8	-2.5	-3.4	-

*GMO returns are reported net-of-fees.
 Parentheses contain percentile rankings.

Trailing Period Performance

As of 30 June 2019

	Allocation		Performance (%)						
	Market Value (\$000)	%	1 Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
Canadian Fixed Income	161,346	48.0	4.4	8.3	5.5	3.2	4.4	5.0	5.2
TDAM Long Bonds	84,670	25.2	5.0	11.4	6.5	4.3	5.8	6.4	-
FTSE Canada Long Term Overall Bond			4.8	11.4	6.5	4.4	5.8	6.6	7.3
Value Added			0.2	0.0	0.0	-0.1	0.0	-0.2	-
TDAM Real Return Bonds	76,610	22.8	3.7	5.1	4.7	2.1	2.9	3.5	-
FTSE Canada Real Return Bond			3.5	5.2	4.6	2.1	2.9	3.4	5.2
Value Added			0.2	-0.1	0.1	0.0	0.0	0.1	-
TDAM Cash	65	0.0	-	-	-	-	-	-	-
Operating Account	1,593	0.5							

*GMO returns are reported net-of-fees.
Parentheses contain percentile rankings.

Executive Summary

Trailing Period Performance

As of 30 June 2019

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Fund	4.1 (74)	7.3 (53)	9.0 (67)	3.2 (39)	6.3 (86)	19.8 (30)	9.6 (71)	2.3 (22)	12.1 (85)	7.7 (50)	-9.4 (51)
Benchmark	6.4 (30)	7.7 (34)	8.2 (79)	3.8 (30)	8.5 (59)	19.1 (42)	6.5 (96)	1.4 (38)	13.3 (68)	8.1 (46)	-10.6 (65)
Value Added	-2.3	-0.4	0.8	-0.6	-2.2	0.7	3.1	0.9	-1.2	-0.4	1.2
Canadian Equities	-1.1 (80)	12.6 (17)	17.7 (3)	2.1 (50)	1.1 (44)	29.7 (51)	19.0 (14)	-5.9 (31)	21.4 (47)	11.0 (60)	-21.1 (41)
Guardian (including cash)	4.8 (31)	10.8 (40)	11.7 (55)	3.3 (31)	0.7 (48)	26.7 (78)	9.3 (82)	-3.1 (17)	21.6 (44)	4.6 (100)	-22.3 (48)
S&P/TSX Composite	3.9 (43)	10.4 (47)	11.0 (64)	-0.2 (63)	-1.2 (63)	28.7 (65)	7.9 (93)	-10.3 (64)	20.9 (55)	12.0 (55)	-25.7 (67)
Value Added	0.9	0.4	0.7	3.5	1.9	-2.0	1.4	7.2	0.7	-7.4	3.4
Letko (including cash)	-5.2 (90)	13.4 (12)	21.5 (1)	1.5 (54)	1.4 (41)	31.1 (35)	24.2 (2)	-6.9 (34)	20.4 (63)	14.2 (32)	-17.4 (19)
S&P/TSX Composite	3.9 (43)	10.4 (47)	11.0 (64)	-0.2 (63)	-1.2 (63)	28.7 (65)	7.9 (93)	-10.3 (64)	20.9 (55)	12.0 (55)	-25.7 (67)
Value Added	-9.1	3.0	10.5	1.7	2.6	2.4	16.3	3.4	-0.5	2.2	8.3
Global Equities	2.8 (66)	8.3 (80)	19.4 (52)	-3.4 (77)	10.5 (91)	23.9 (65)	18.7 (85)	2.0 (40)	17.6 (68)	-0.1 (85)	-21.2 (73)
Aberdeen	5.4 (43)	7.9 (82)	16.4 (71)	-1.0 (60)	7.6 (96)	22.0 (79)	17.2 (91)	4.3 (26)	18.3 (60)	-	-
MSCI World (Net)	5.7 (41)	12.5 (47)	17.8 (62)	1.4 (40)	18.9 (59)	25.2 (53)	22.7 (57)	0.4 (52)	18.7 (57)	0.7 (78)	-19.3 (62)
Value Added	-0.3	-4.6	-1.4	-2.4	-11.3	-3.2	-5.5	3.9	-0.4	-	-
Brandes	0.7 (79)	9.3 (71)	22.2 (30)	-6.8 (91)	15.3 (78)	31.6 (7)	27.3 (24)	-1.5 (64)	17.2 (71)	-0.4 (87)	-21.2 (73)
MSCI World (Net)	5.7 (41)	12.5 (47)	17.8 (62)	1.4 (40)	18.9 (59)	25.2 (53)	22.7 (57)	0.4 (52)	18.7 (57)	0.7 (78)	-19.3 (62)
Value Added	-5.0	-3.2	4.4	-8.2	-3.6	6.4	4.6	-1.9	-1.5	-1.1	-1.9
GMO	2.8 (66)	8.1 (81)	20.0 (46)	-2.8 (72)	11.9 (90)	23.8 (65)	19.0 (83)	2.9 (33)	16.8 (74)	-	-
MSCI World (Net)	5.7 (41)	12.5 (47)	17.8 (62)	1.4 (40)	18.9 (59)	25.2 (53)	22.7 (57)	0.4 (52)	18.7 (57)	0.7 (78)	-19.3 (62)
Value Added	-2.9	-4.4	2.2	-4.2	-7.0	-1.4	-3.7	2.5	-1.9	-	-
Canadian Fixed Income	8.3	2.8	-1.2	7.8	7.5	8.1	-3.9	10.4	5.0	7.8	6.9
TDAM Long Bonds	11.4 (58)	1.8 (79)	0.3 (85)	10.2 (29)	9.0 (89)	8.0 (39)	-2.0 (26)	-	-	-	-
FTSE Canada Long Term Overall Bond	11.4 (38)	1.8 (72)	0.4 (75)	9.9 (51)	10.1 (34)	7.6 (70)	-2.9 (84)	18.8 (23)	7.0 (70)	10.9 (72)	4.6 (76)
Value Added	0.0	0.0	-0.1	0.3	-1.1	0.4	0.9	-	-	-	-
TDAM Real Return Bonds	5.1	4.2	-2.9	5.4	5.8	8.2	-8.5	-	-	-	-
FTSE Canada Real Return Bond	5.2	4.0	-2.7	5.3	5.6	8.1	-9.9	14.9	11.7	12.2	-3.8
Value Added	-0.1	0.2	-0.2	0.1	0.2	0.1	1.4	-	-	-	-

Parentheses contain percentile rankings.

Capital Markets Performance

Capital Market Performance

Major Capital Markets' Returns

As of 30 June 2019

	1 Quarter	Year To Date	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
Equity								
S&P/TSX Composite	2.6	16.2	3.9	7.1	8.4	6.2	4.7	7.8
S&P 500	2.1	13.6	9.8	12.8	14.3	12.9	15.4	16.1
S&P 500 (USD)	4.3	18.5	10.4	12.4	14.2	11.5	10.7	14.7
MSCI EAFE (Net)	1.5	9.3	0.5	4.3	9.3	5.2	6.5	8.2
MSCI World (Net)	1.8	12.1	5.7	9.1	11.9	9.2	11.1	12.0
MSCI ACWI (Net)	1.3	11.2	5.0	8.5	11.9	8.8	10.6	11.5
MSCI Emerging Markets (Net)	-1.6	5.8	0.5	5.0	10.9	5.7	6.8	7.1
Real Estate								
MSCI/REALPAC Canada Annual Property	1.6	3.0	7.3	7.6	7.3	7.4	7.3	8.9
MSCI/REALPAC Canada Quarterly Property Fund	2.0	3.6	7.6	8.2	7.9	7.3	7.1	8.4
Fixed Income								
FTSE Canada Universe Bond	2.5	6.5	7.4	4.0	2.7	3.3	3.9	4.5
FTSE Canada Long Term Overall Bond	4.8	12.1	11.4	6.5	4.4	5.8	6.6	7.3
FTSE Canada 91 Day TBill	0.4	0.8	1.6	1.3	1.0	0.9	0.9	0.9
Consumer Price Index								
Canadian CPI, unadjusted	0.7	2.2	2.0	2.2	1.8	1.7	1.6	1.7

Canadian Equities

The S&P/TSX Composite Index returned +2.6% in the second quarter of 2019. Performance was mixed across sectors. Information Technology (+14.3%) was the best performing sector, followed by Materials (+5.4%) and Utilities (+5.4%). Negative performing sectors included Health Care (-9.3%), Energy (-2.8%), and Real Estate (-1.4%). Growth stocks outperformed value stocks over the past quarter (+3.9% vs. +1.7% respectively) as well as year-to-date (+18.3% vs. +14.2% respectively). The S&P/TSX Composite Index returned +16.2% year-to-date. The best performing sectors year-to-date were Information Technology (+44.0%), Health Care (+35.2%) and Utilities (+22.4%), while Communication Services (+9.7%) was the worst performer.

U.S. Equities

The S&P 500 Index returned +2.1% in the quarter in Canadian dollar terms. Performance was positive across most sectors. Financials (+5.6%) was the best performing sector while Energy (-5.0%) was the worst performing sector. The S&P 500 Index returned +13.6% year-to-date in Canadian dollar terms. The best performing sectors year-to-date were Information Technology (+21.6%) and Consumer Discretionary (+16.6%) while Health Care (+3.4%) was the worst performer.

Non-North American Equities

The MSCI EAFE Index returned +1.5% in the quarter in Canadian dollar terms. Sector returns were mixed with the best performer being Information Technology (+4.2%) and the worst being Real Estate (-4.3%). Year-to-date, the Index returned +9.3% in Canadian dollar terms. Year-to-date, the best performing sector was Information Technology (+17.6%) while the worst performer was Communication Services (+3.8%).

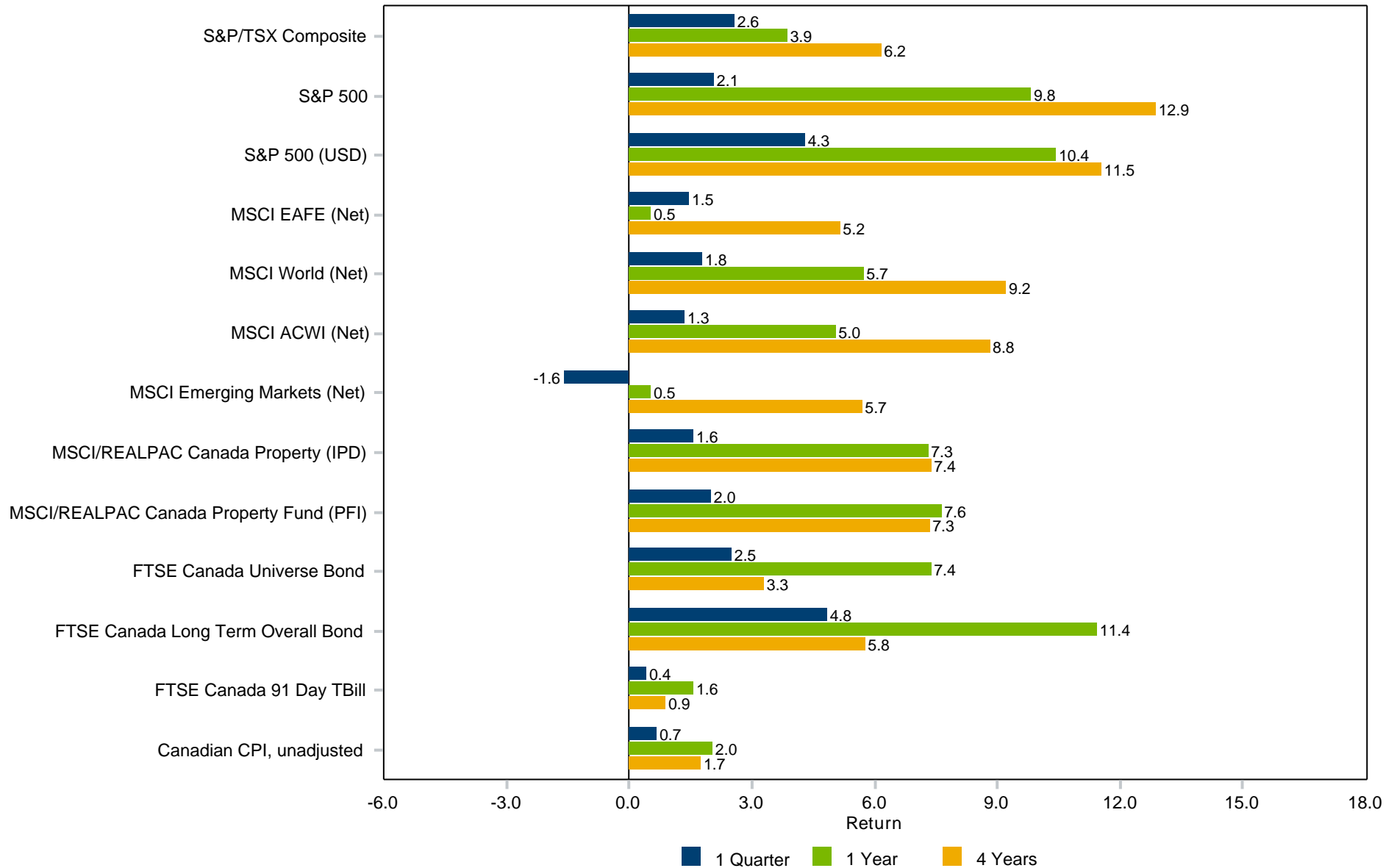
Fixed Income

The Canadian bond market, as measured by the FTSE Canada Universe Bond Index, returned +2.5% over the last quarter. Bond market performance was led by Provincial bonds (+3.4%) which outperformed both Corporate bonds (+2.7%) and Federal bonds (+1.5%). From a term perspective, long duration bonds (+4.8%) outperformed both medium duration (+2.1%) and short duration (+0.9%) bonds in the quarter. Year-to-date, the FTSE Canada Universe Bond Index returned +6.5%. Year-to-date, bond market performance has been led by Provincial bonds (+8.8%), outperforming both Corporate bonds (+6.8%) and Federal bonds (+4.0%) while from a term perspective, long duration bonds (+12.1%) outperformed both medium duration (+5.9%) and short duration (+2.7%) bonds.

Returns for periods greater than one year are annualized. Sector returns are sourced from MSCI.

Comparative Performance

As of 30 June 2019



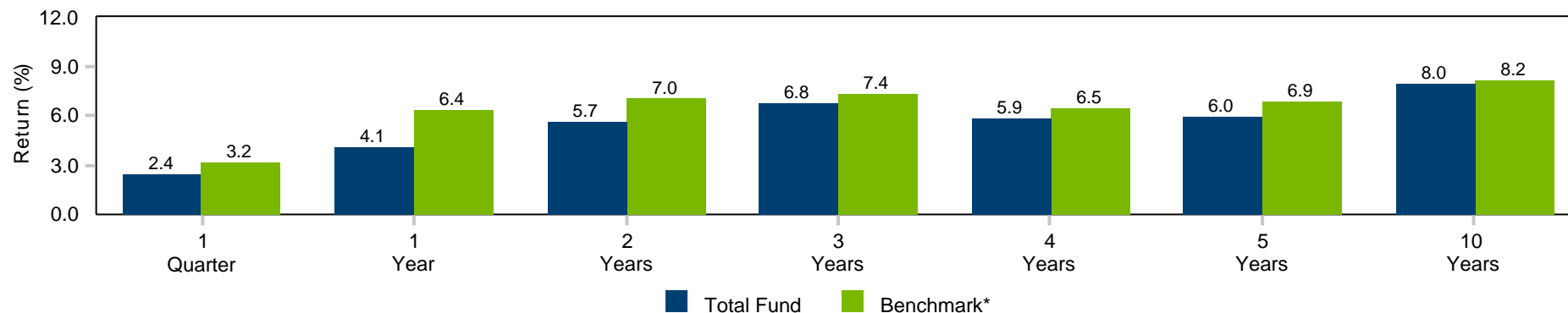
Total Fund Analysis

Total Fund

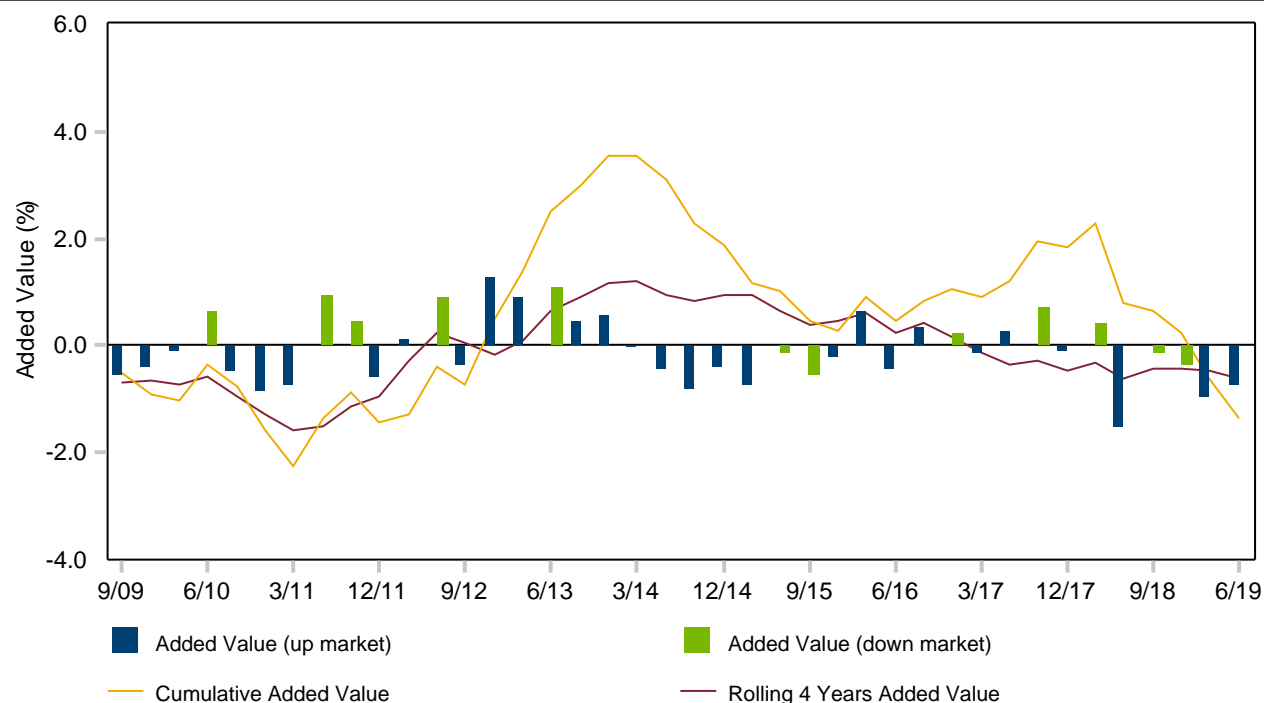
Total Fund Performance Summary

As of 30 June 2019

Return Summary



Added Value History (%)



Performance Statistics

	Quarters	%
Market Capture		
Up Markets	28	94.4
Down Markets	12	82.2
Batting Average		
Up Markets	28	28.6
Down Markets	12	66.7
Overall	40	40.0

* See Appendix A for benchmark components.

Total Fund

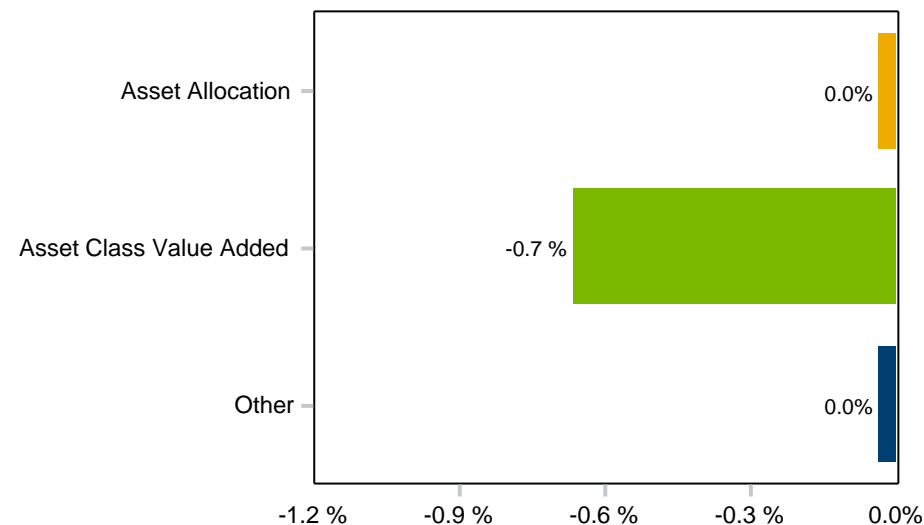
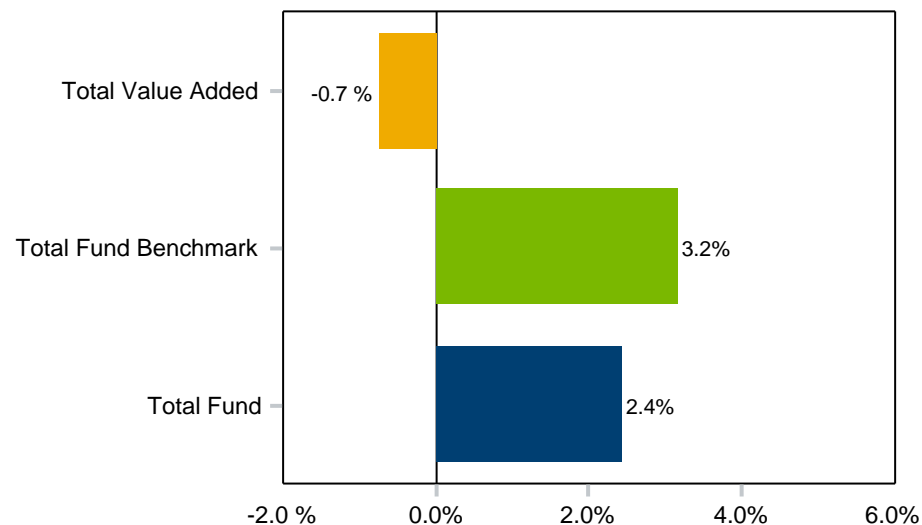
Total Fund Performance Attribution

1 Quarter Ending 30 June 2019

Total Fund vs. Benchmark

Total Fund Performance

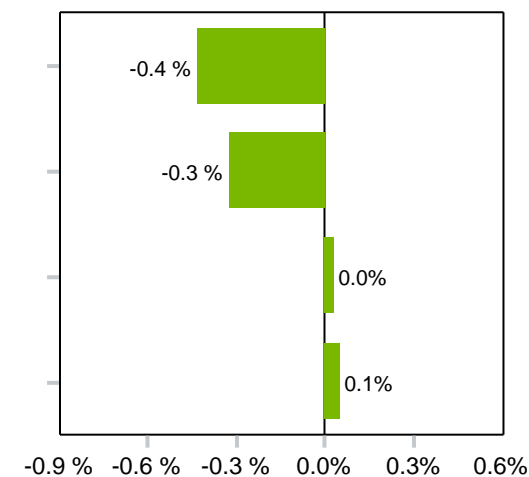
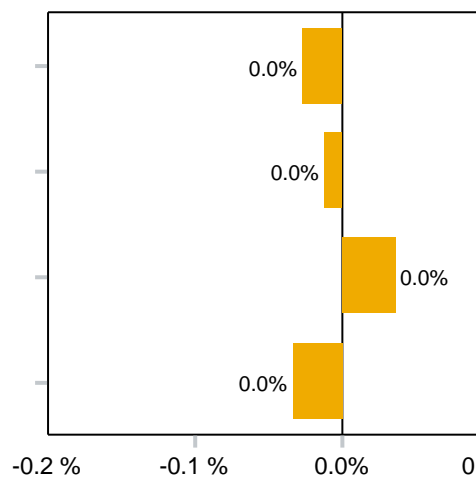
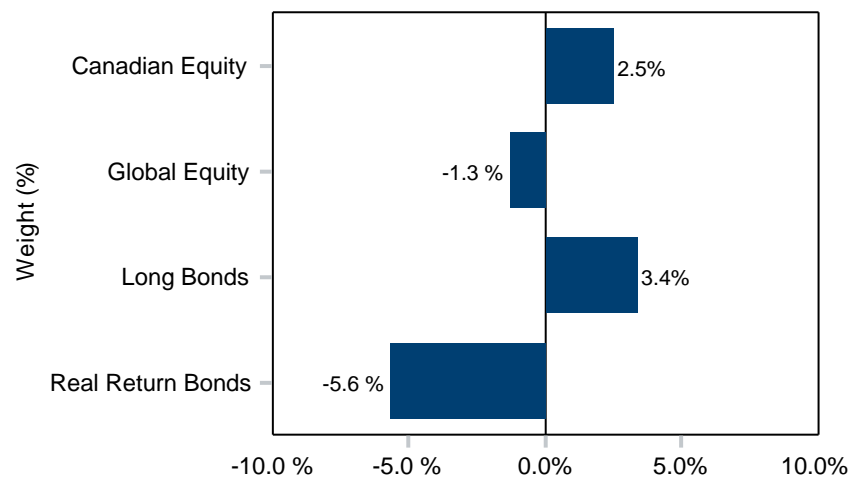
Total Value Added: -0.7 %



1 Quarter

Total Asset Allocation: 0.0%

Total Asset Class Value Added: -0.7 %



Active Weight

Asset Allocation Value Added

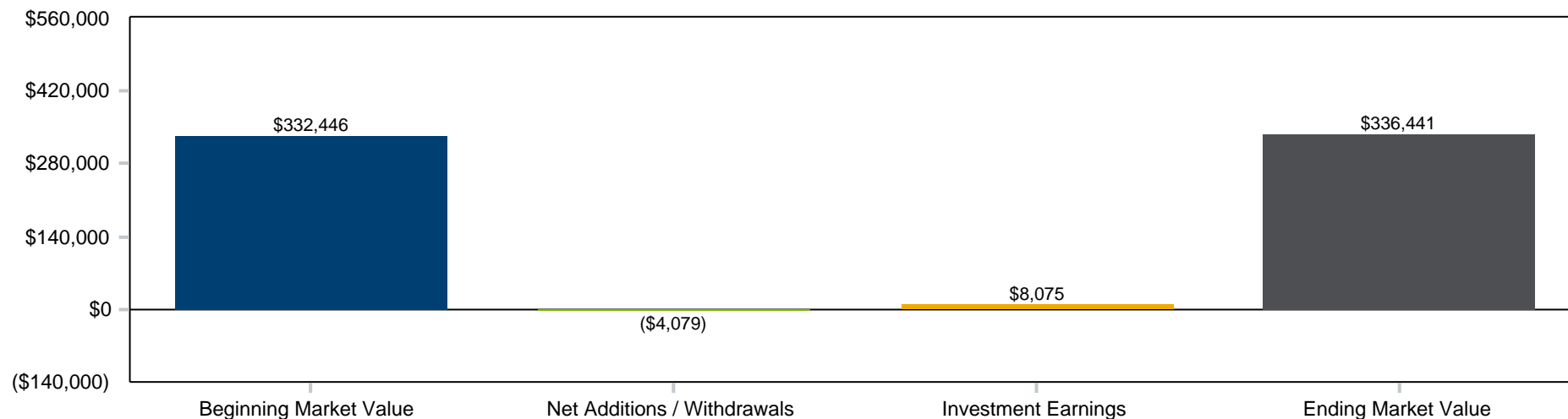
Asset Class Value Added

Total Fund

Total Fund Asset Summary

As of 30 June 2019

Change in Market Value (\$000)
From 1 April 2019 to 30 June 2019



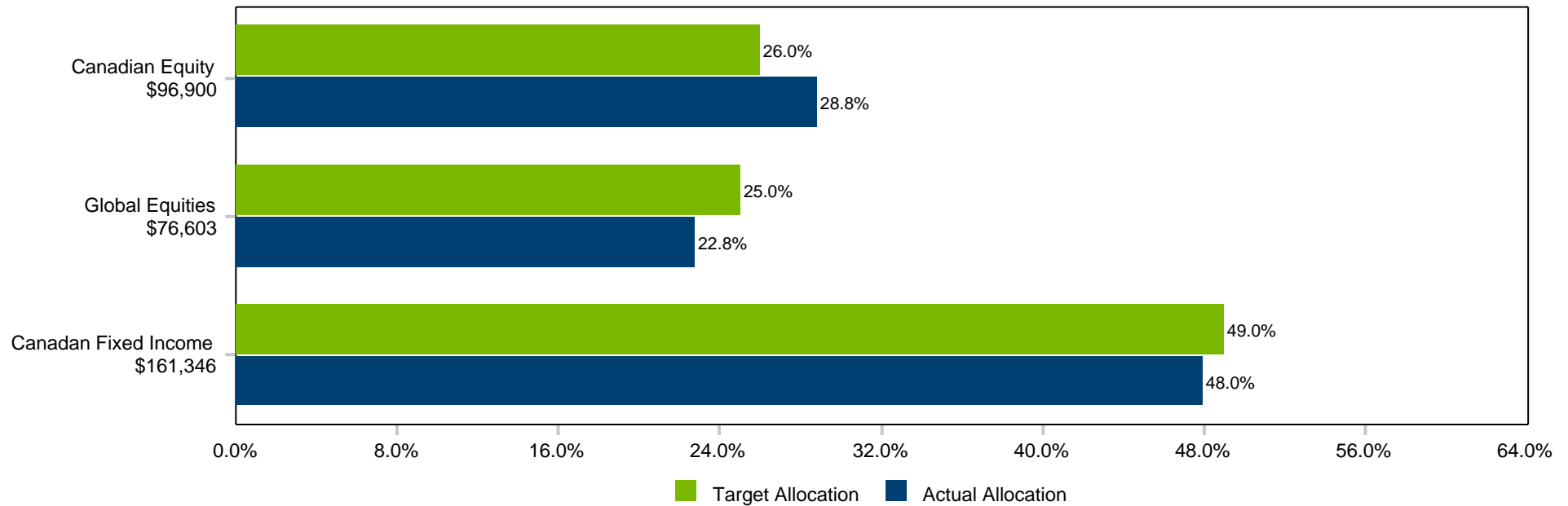
Summary of Cash Flows (\$000)

	1 Quarter	Year To Date	1 Year	4 Years
Total Fund				
Beginning Market Value	332,446	311,511	339,904	333,647
+/- Net Cash Flows	-4,079	-8,215	-16,596	-72,362
+/- Income	1,463	2,112	18,900	65,407
+/- Capital Gains / Losses	6,612	31,033	-5,767	9,749
= Ending Market Value	336,441	336,441	336,441	336,441

Total Fund

Asset Allocation Compliance

As of 30 June 2019 (\$000)



	Market Value (\$000)	Market Value (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)	Within Range
Total Fund	336,441	100.0	100.0	0.0			
Canadian Equity	96,900	28.8	26.0	2.8	21.0	31.0	Yes
Global Equities	76,603	22.8	25.0	-2.2	20.0	30.0	Yes
Canadian Fixed Income	161,346	48.0	49.0	-1.0	39.0	59.0	Yes

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 2019 to 30 June 2019 (current period)	1 January 2019 to 31 March 2019	1 October 2018 to 31 December 2018	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	26.00%	27.00%	28.00%	27.00%	27.00%	27.00%	28.00%	30.00%	30.00%	30.00%	30.00%	25.00%
MSCI World (C\$)	25.00%	26.00%	28.00%	26.00%	27.00%	26.00%	28.00%	30.00%	30.00%	0.00%	0.00%	0.00%
MSCI World ex. Cda (C\$)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	15.00%	15.00%	17.50%
S&P 500 - hedged to C\$	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.00%	7.50%	8.75%
MSCI EAFE - hedged to C\$	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.00%	7.50%	8.75%
FTSE Canada Universe Bond	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	40.00%	45.00%	40.00%	40.00%
FTSE Canada Long Bond	21.00%	22.00%	23.00%	22.00%	23.00%	22.00%	22.00%	25.00%	0.00%	0.00%	0.00%	0.00%
FTSE Canada Real Return Bond	28.00%	25.00%	21.00%	25.00%	23.00%	25.00%	22.00%	15.00%	0.00%	0.00%	0.00%	0.00%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Appendix B - Manager Updates

Manager Updates

As of 30 June 2019

Aberdeen Standard Investments

Q2 2019

Business

There were no significant events during the quarter.

Staff

There were no significant events during the quarter.

Brandes Investment Partners

Q2 2019

Business

In the second quarter of 2019, Brandes entered into an agreement with SEI Global Services Inc., a provider of back-office investment services, for certain back-office and middle-office services for client accounts. The transition to SEI will take place during the second half of 2019 and is expected to be completed by the end of the year.

Staff

There were no significant events.

Manager Updates

As of 30 June 2019

GMO

Q2 2019

Business

There were no significant events.

Staff

Neil Constable, Head of the Global Equity Team, left the firm in June. Simon Harris, a partner of the firm and member of the Global Equity team, assumed responsibility as interim head of the team.

Guardian Capital

Q2 2019

Business

Guardian announced the Guardian Growth & Income fund closed effective 29 April 2019.

Staff

David Wilson joined Guardian's real estate team as an Asset Manager. Greg Zdzienicki, Client Portfolio Manager, Systematic Strategies left the firm.

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

Q2 2019

Business

During the second quarter, Letko Brosseau became a signatory of the United Nations-supported Principles for Responsible Investment (PRI).

Staff

During the second quarter, Andrew Bolton, Director, Investment Services, left the firm. All the accounts under his supervision have been reallocated and Letko Brosseau is presently recruiting a new Director, Investment Services.

Manager Updates

As of 30 June 2019

TD Asset Management ("TDAM")
Q2 2019

Business

There were no significant events.

Staff

Geoff Wilson, Managing Director, Deborah Lee Chang, Vice President & Director, and David McCulla, Vice President & Director, left the firm due to reorganization.

Appendix C - Disclosure

Statement of Disclosure

As of 30 June 2019

Aon Hewitt Inc. reconciles the rates of return with each investment manager quarterly. Aon Hewitt 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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