

*The City of Hamilton Master Trust Period Ending 30 June 2020*

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## Performance Review and Investment Manager Evaluation

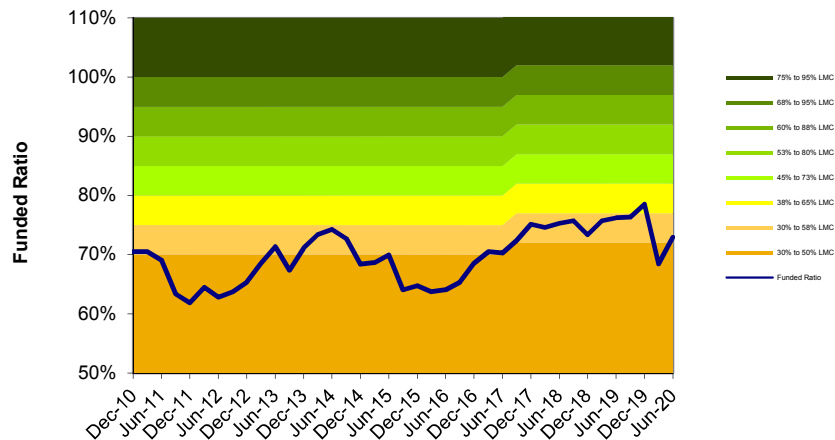
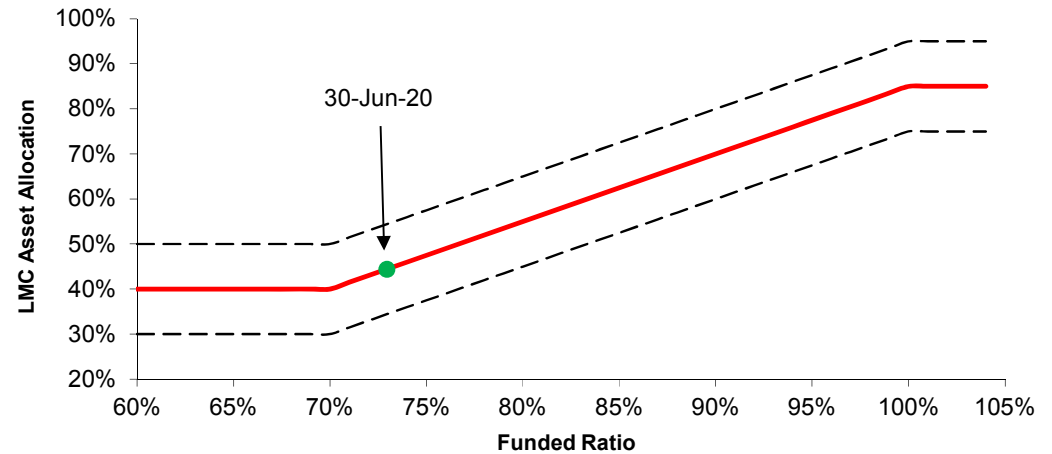
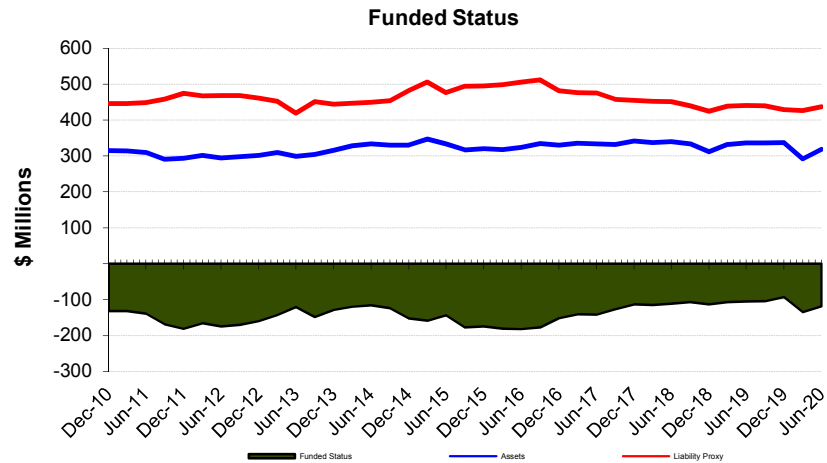
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## Table Of Contents

1	Executive Summary	Page 1
2	Capital Markets Performance	Page 6
3	Total Fund Analysis	Page 9
4	Appendix A - Plan Information	Page 14
5	Appendix B - Manager Updates	Page 16
6	Appendix C - Disclosure	Page 21

# Executive Summary

## Quarterly Performance Report for the City of Hamilton Funded Status and Glide Path Information for June 30, 2020



### Snapshot (Wind-Up)

	30-Sep-19	31-Dec-19	31-Mar-20	30-Jun-20
Market value of assets (\$ Millions)	\$336.3	\$337.5	\$292.2	\$318.8
Liability proxy (\$ Millions)	\$440.3	\$429.6	\$426.7	\$437.0
Funded status (\$ Millions)	(\$104.0)	(\$92.1)	(\$134.5)	(\$118.2)
Funded ratio	76.4%	78.6%	68.5%	73.0%
Current LMC Asset Allocation	48.9%	47.8%	54.0%	44.4%

### 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, 2020 is within the range determined acceptable for the current funded ratio (73.0%), the asset mix does not require rebalancing.

## Executive Summary

## Trailing Period Performance

As of 30 June 2020

	Allocation		Performance (%)							
	Market Value (\$000)	%	1 Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years	
Total Fund	318,755	100.0	11.0 (41)	1.3 (77)	2.7 (76)	4.2 (66)	5.4 (78)	4.9 (67)	7.4 (78)	
Benchmark			13.2 (6)	7.1 (6)	6.7 (14)	7.1 (14)	7.3 (20)	6.6 (17)	8.1 (55)	
Value Added			-2.2	-5.8	-4.0	-2.9	-1.9	-1.7	-0.7	
Canadian Equity	88,674	27.8	14.0 (50)	-15.1 (93)	-8.4 (91)	-1.9 (85)	2.7 (80)	2.6 (76)	7.3 (54)	
Guardian (including cash)	44,219	13.9	14.1 (49)	-6.5 (56)	-1.0 (51)	2.8 (40)	5.0 (42)	4.6 (37)	7.5 (50)	
S&P/TSX Composite			17.0 (25)	-2.2 (32)	0.8 (26)	3.9 (23)	5.6 (32)	4.5 (42)	6.3 (73)	
Value Added			-2.9	-4.3	-1.8	-1.1	-0.6	0.1	1.2	
Letko (including cash)	44,455	13.9	13.9 (50)	-22.0 (100)	-14.0 (99)	-5.7 (98)	0.5 (89)	0.7 (91)	6.7 (63)	
S&P/TSX Composite			17.0 (25)	-2.2 (32)	0.8 (26)	3.9 (23)	5.6 (32)	4.5 (42)	6.3 (73)	
Value Added			-3.1	-19.8	-14.8	-9.6	-5.1	-3.8	0.4	
Global Equities	88,426	27.7	12.4 (60)	7.5 (39)	5.1 (49)	6.2 (59)	9.3 (56)	6.7 (66)	10.4 (80)	
Aberdeen	18,860	5.9	14.3 (45)	7.2 (40)	6.3 (41)	6.8 (52)	9.2 (56)	7.0 (63)	10.3 (82)	
MSCI World (Net)			14.5 (43)	6.9 (40)	6.3 (40)	8.4 (39)	10.7 (42)	8.8 (42)	12.7 (49)	
Value Added			-0.2	0.3	0.0	-1.6	-1.5	-1.8	-2.4	
GMO	54,817	17.2	12.1 (62)	8.2 (35)	5.5 (46)	6.3 (57)	9.6 (53)	7.0 (64)	10.8 (77)	
MSCI World (Net)			14.5 (43)	6.9 (40)	6.3 (40)	8.4 (39)	10.7 (42)	8.8 (42)	12.7 (49)	
Value Added			-2.4	1.3	-0.8	-2.1	-1.1	-1.8	-1.9	
GMO Asset Allocation **	14,750	4.6	-	-	-	-	-	-	-	

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

\*\*GMO Asset Allocation fund was purchased due to a trading error. Funds were removed and transferred to GMO Global Equity Allocation fund as of August 11th 2020.

Parentheses contain percentile rankings.

Executive Summary

Trailing Period Performance

As of 30 June 2020

	Allocation		Performance (%)						
	Market Value (\$000)	%	1 Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
Canadian Fixed Income	141,456	44.4	9.3	9.2	8.7	6.7	4.7	5.3	5.3
TDAM Long Bonds	80,424	25.2	11.9	12.1	11.7	8.3	6.2	7.0	-
FTSE Canada Long Term Overall Bond			11.2	12.0	11.7	8.3	6.3	7.0	7.4
Value Added			0.7	0.1	0.0	0.0	-0.1	0.0	-
TDAM Real Return Bonds	60,961	19.1	6.7	6.0	5.5	5.1	3.0	3.5	-
FTSE Canada Real Return Bond			6.2	5.5	5.4	4.9	3.0	3.4	4.6
Value Added			0.5	0.5	0.1	0.2	0.0	0.1	-
TDAM Cash	71	0.0	1.2	-	-	-	-	-	-
Operating Account	200	0.1							

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

\*\*GMO Asset Allocation fund was purchased due to a trading error. Funds were removed and transferred to GMO Global Equity Allocation fund as of August 11th 2020. Parentheses contain percentile rankings.

Executive Summary

Trailing Period Performance

As of 30 June 2020

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total Fund	1.3 (77)	4.1 (74)	7.3 (52)	9.0 (67)	3.2 (40)	6.3 (86)	19.8 (31)	9.6 (72)	2.3 (22)	12.1 (85)	7.7 (50)
Benchmark	7.1 (6)	6.4 (28)	7.7 (34)	8.2 (79)	3.8 (30)	8.5 (59)	19.1 (42)	6.5 (96)	1.4 (38)	13.3 (66)	8.1 (46)
Value Added	-5.8	-2.3	-0.4	0.8	-0.6	-2.2	0.7	3.1	0.9	-1.2	-0.4
Canadian Equities	-15.1 (93)	-1.1 (80)	12.6 (17)	17.7 (3)	2.1 (50)	1.1 (45)	29.7 (52)	19.0 (14)	-5.9 (31)	21.4 (47)	11.0 (59)
Guardian (including cash)	-6.5 (56)	4.8 (29)	10.8 (40)	11.7 (54)	3.3 (31)	0.7 (49)	26.7 (78)	9.3 (82)	-3.1 (17)	21.6 (44)	4.6 (100)
S&P/TSX Composite	-2.2 (32)	3.9 (40)	10.4 (46)	11.0 (64)	-0.2 (64)	-1.2 (64)	28.7 (65)	7.9 (93)	-10.3 (64)	20.9 (56)	12.0 (55)
Value Added	-4.3	0.9	0.4	0.7	3.5	1.9	-2.0	1.4	7.2	0.7	-7.4
Letko (including cash)	-22.0 (100)	-5.2 (90)	13.4 (12)	21.5 (1)	1.5 (55)	1.4 (42)	31.1 (34)	24.2 (2)	-6.9 (34)	20.4 (64)	14.2 (32)
S&P/TSX Composite	-2.2 (32)	3.9 (40)	10.4 (46)	11.0 (64)	-0.2 (64)	-1.2 (64)	28.7 (65)	7.9 (93)	-10.3 (64)	20.9 (56)	12.0 (55)
Value Added	-19.8	-9.1	3.0	10.5	1.7	2.6	2.4	16.3	3.4	-0.5	2.2
Global Equities	7.5 (39)	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)
Aberdeen	7.2 (40)	5.4 (43)	7.9 (82)	16.4 (71)	-1.0 (59)	7.6 (96)	22.0 (79)	17.2 (91)	4.3 (26)	18.3 (60)	-
MSCI World (Net)	6.9 (40)	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)
Value Added	0.3	-0.3	-4.6	-1.4	-2.4	-11.3	-3.2	-5.5	3.9	-0.4	-
Brandes	-	0.7 (78)	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)
MSCI World (Net)	6.9 (40)	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)
Value Added	-	-5.0	-3.2	4.4	-8.2	-3.6	6.4	4.6	-1.9	-1.5	-1.1
GMO	8.2 (35)	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)	6.9 (40)	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)
Value Added	1.3	-2.9	-4.4	2.2	-4.2	-7.0	-1.4	-3.7	2.5	-1.9	-
Canadian Fixed Income	9.2	8.3	2.8	-1.2	7.8	7.5	8.1	-3.9	10.4	5.0	7.8
TDAM Long Bonds	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	12.0 (60)	11.4 (37)	1.8 (72)	0.4 (75)	9.9 (51)	10.1 (37)	7.6 (72)	-2.9 (84)	18.8 (23)	7.0 (70)	10.9 (72)
Value Added	0.1	0.0	0.0	-0.1	0.3	-1.1	0.4	0.9	-	-	-
TDAM Real Return Bonds	6.0	5.1	4.2	-2.9	5.4	5.8	8.2	-8.5	-	-	-
FTSE Canada Real Return Bond	5.5	5.2	4.0	-2.7	5.3	5.6	8.1	-9.9	14.9	11.7	12.2
Value Added	0.5	-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 2020

	1 Quarter	Year To Date	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
<b>Equity</b>								
S&P/TSX Composite	17.0	-7.5	-2.2	0.8	3.9	5.6	4.5	6.3
S&P 500	15.7	1.6	11.8	10.8	12.5	13.7	12.6	16.9
S&P 500 (USD)	20.5	-3.1	7.5	9.0	10.7	12.5	10.7	14.0
MSCI EAFE (Net)	10.2	-7.0	-1.3	-0.4	2.4	6.5	3.8	8.4
MSCI World (Net)	14.5	-1.2	6.9	6.3	8.4	10.7	8.8	12.7
MSCI ACWI (Net)	14.1	-1.5	6.4	5.7	7.8	10.5	8.3	11.9
MSCI Emerging Markets (Net)	13.0	-5.2	0.7	0.6	3.5	8.2	4.7	5.9
<b>Real Estate</b>								
MSCI/REALPAC Canada Annual Property	-1.6	-2.1	1.3	4.2	5.4	5.6	6.1	8.6
MSCI/REALPAC Canada Quarterly Property Fund	-3.0	-1.4	3.7	5.7	6.7	6.9	6.6	8.6
<b>Fixed Income</b>								
FTSE Canada Universe Bond	5.9	7.5	7.9	7.6	5.3	3.9	4.2	4.6
FTSE Canada Long Term Overall Bond	11.2	11.4	12.0	11.7	8.3	6.3	7.0	7.4
FTSE Canada 91 Day TBill	0.1	0.8	1.6	1.6	1.4	1.2	1.0	1.0
<b>Consumer Price Index</b>								
Canadian CPI, unadjusted	0.4	0.6	0.7	1.3	1.7	1.5	1.5	1.7

## Canadian Equities

The S&P/TSX Composite Total Return Index returned +17.0% in the second quarter of 2020. Apart from Communication Services (-1.0%), all sectors showed positive returns. The best performing sectors were Information Technology (+68.3%), Materials (+42.0%) and Consumer Discretionary (+32.8%). Growth stocks outperformed value stocks (+22.3% vs. +7.2% respectively). For the 12 months ending June 30, 2020, growth stocks outperformed value stocks (+10.2% vs. -17.4% respectively). The S&P/TSX Composite Total Return Index returned -2.2% for the 12-month period ending June 30, 2020. Health Care (-54.5%) was the worst performing sector followed by Energy (-24.6%) and Real Estate (-15.3%). Information Technology (+85.6%) and Materials (+24.9%) were the best performing sectors.

## U.S. Equities

The S&P 500 Total Return Index returned +15.3% in the second quarter of 2020 in Canadian dollar terms. Apart from Utilities (-1.7%), all sectors showed positive returns. The best performing sectors were Consumer Discretionary (+27.1%), Information Technology (+24.9%) and Energy (+24.9%). For the 12 months ending June 30, 2020, the Index returned +12.1% in Canadian dollar terms. The best performing sector was Information Technology (+41.6%) while Energy (-33.4%) was the worst performer.

## Non-North American Equities

The MSCI EAFE Net Total Return Index returned +9.9% in the second quarter of 2020 in Canadian dollar terms. Apart from Energy (-4.3%), all sectors showed positive returns. The best performing sectors were Materials (+18.4%), Information Technology (+18.1%) and Consumer Discretionary (+12.7%). For the 12 months ending June 30, 2020, the Index returned -1.1% in Canadian dollar terms. The worst performing sectors were Energy (-35.5%) and Financials (-14.6%) while the best performers were Health Care (+24.9%) and Information Technology (+18.6%).

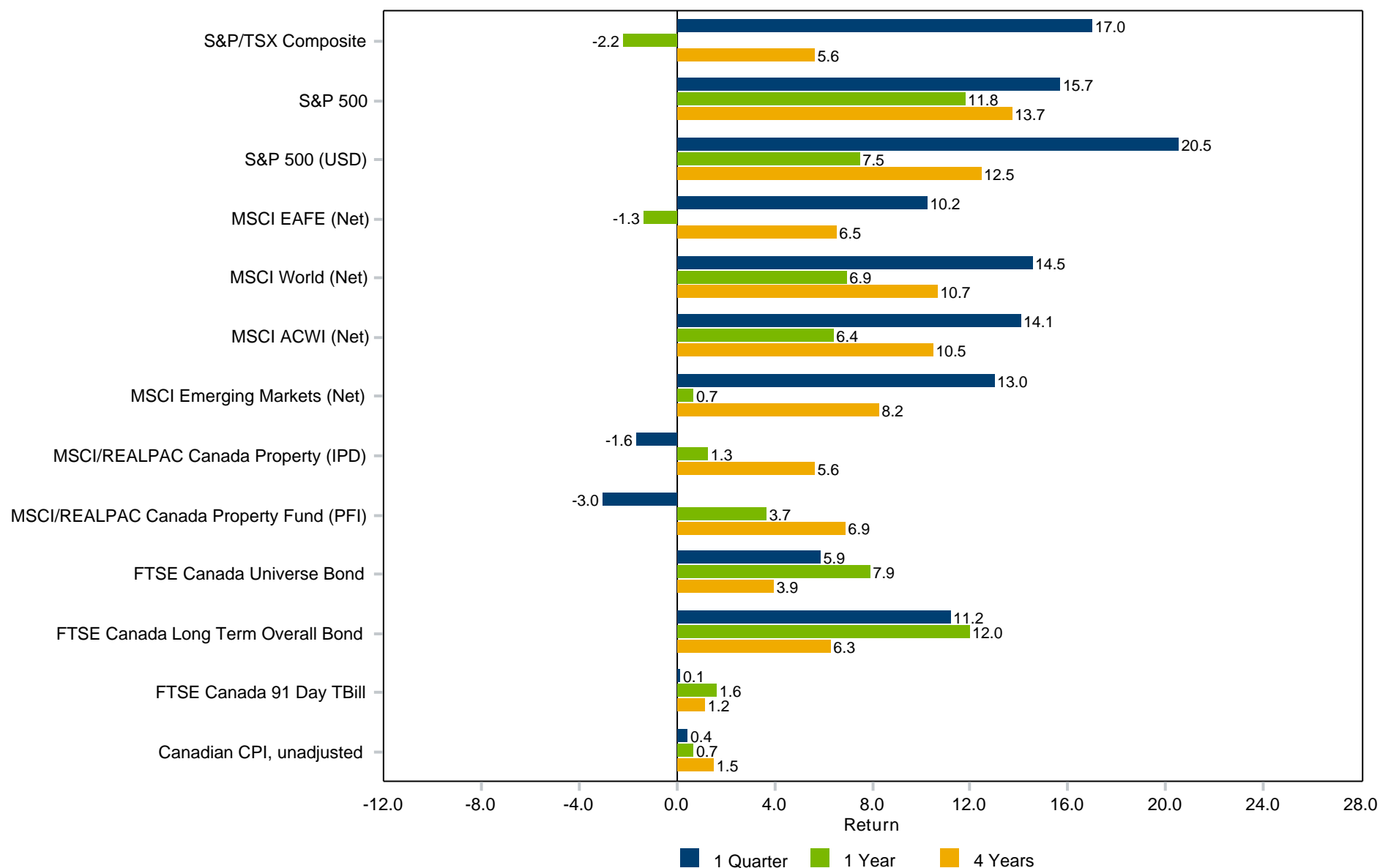
## Fixed Income

The Canadian bond market, as measured by the FTSE Canada Universe Bond Index, returned +5.9% over the last quarter. Corporate bonds (+8.1%) outperformed Provincial bonds (+7.7%) and Federal bonds (+2.3%). From a term perspective, long duration bonds (+11.2%) outperformed medium duration bonds (+4.8%) and short duration bonds (+2.2%). Bond market performance over the 12 months to June 30, 2020 was led by Provincial bonds (+9.4%), outperforming Federal bonds (+7.2%) and Corporate bonds (+6.6%). Long duration (+12.0%) and medium duration bonds (+8.1%) outperformed short duration bonds (+4.5%) for the 12-month period ending June 30, 2020.

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

## Comparative Performance

As of 30 June 2020



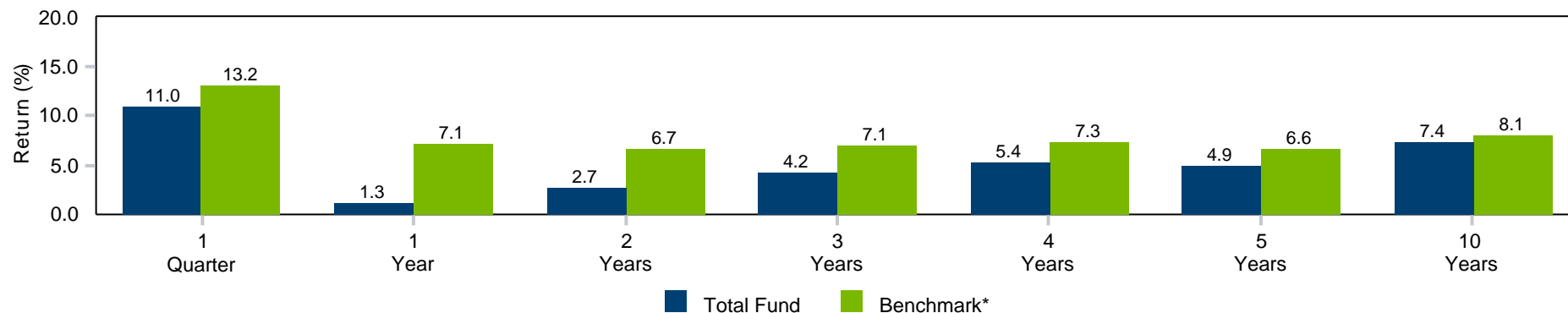
## Total Fund Analysis

Total Fund

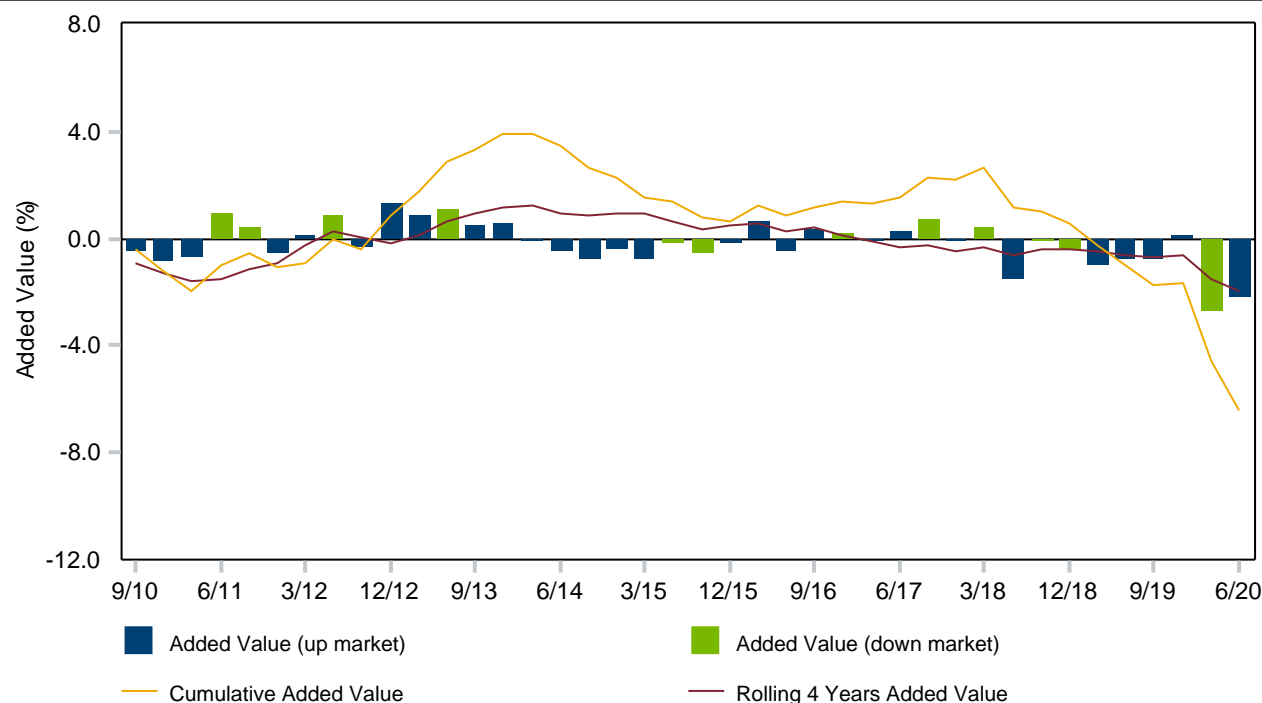
Total Fund Performance Summary

As of 30 June 2020

Return Summary



Added Value History (%)



Performance Statistics

	Quarters	%
Market Capture		
Up Markets	28	93.1
Down Markets	12	97.1
Batting Average		
Up Markets	28	32.1
Down Markets	12	58.3
Overall	40	40.0

\* See Appendix A for benchmark components.

Total Fund

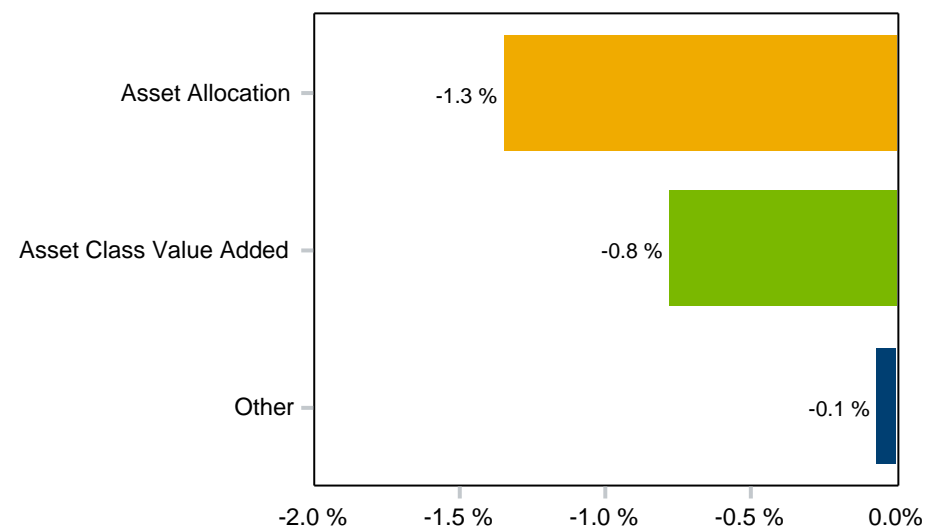
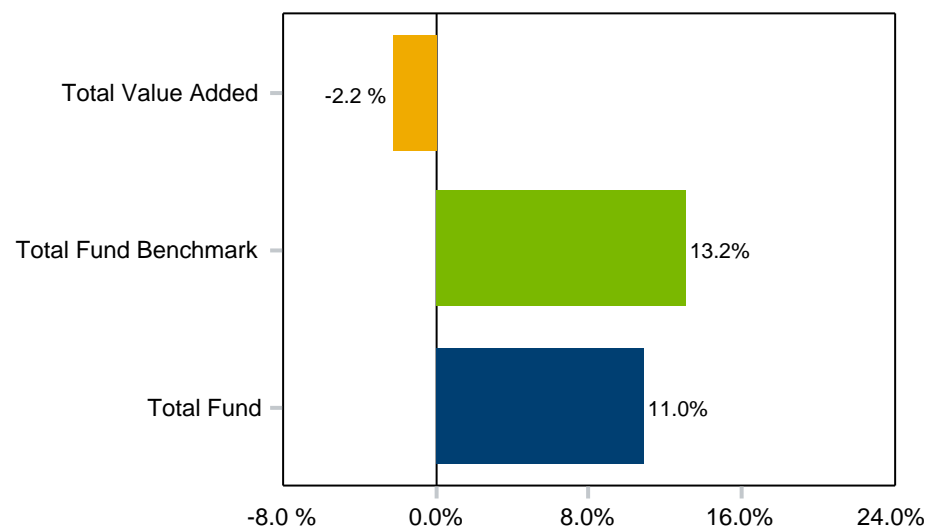
## Total Fund Performance Attribution

1 Quarter Ending 30 June 2020

Total Fund vs. Benchmark

Total Fund Performance

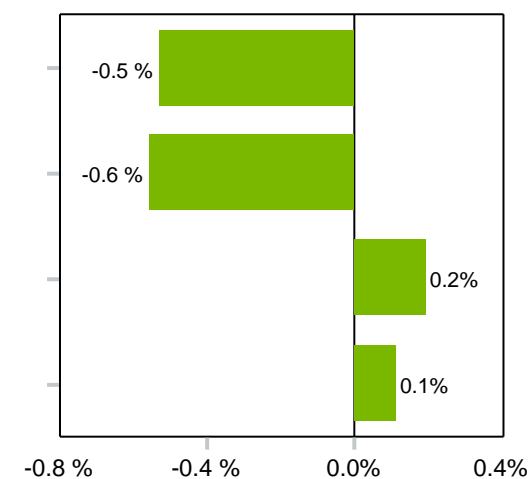
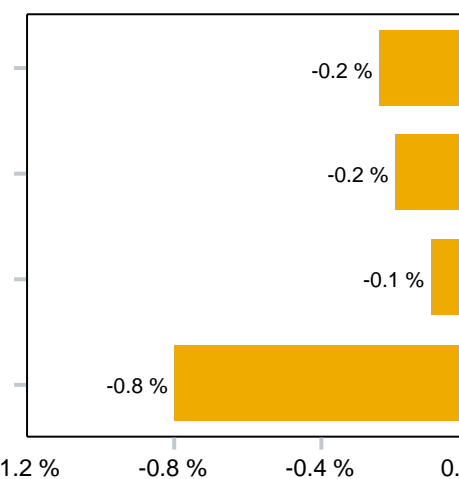
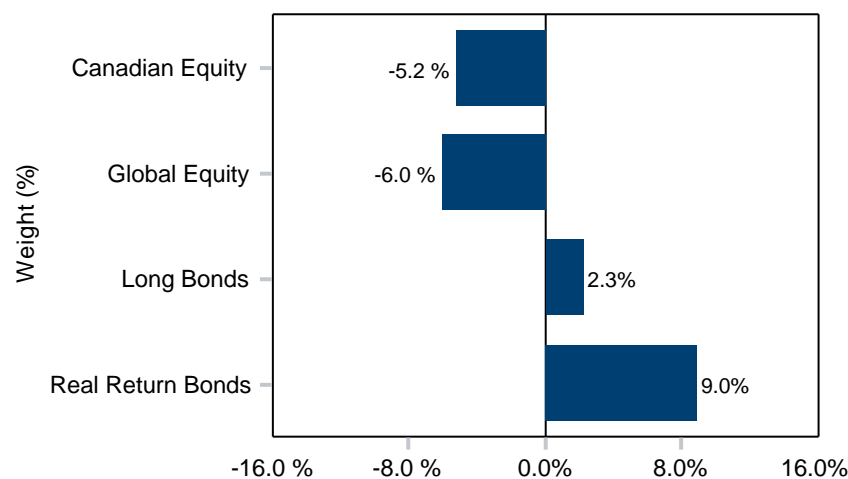
Total Value Added: -2.2 %



1 Quarter

Total Asset Allocation: -1.3 %

Total Asset Class Value Added: -0.8 %



Active Weight

Asset Allocation Value Added

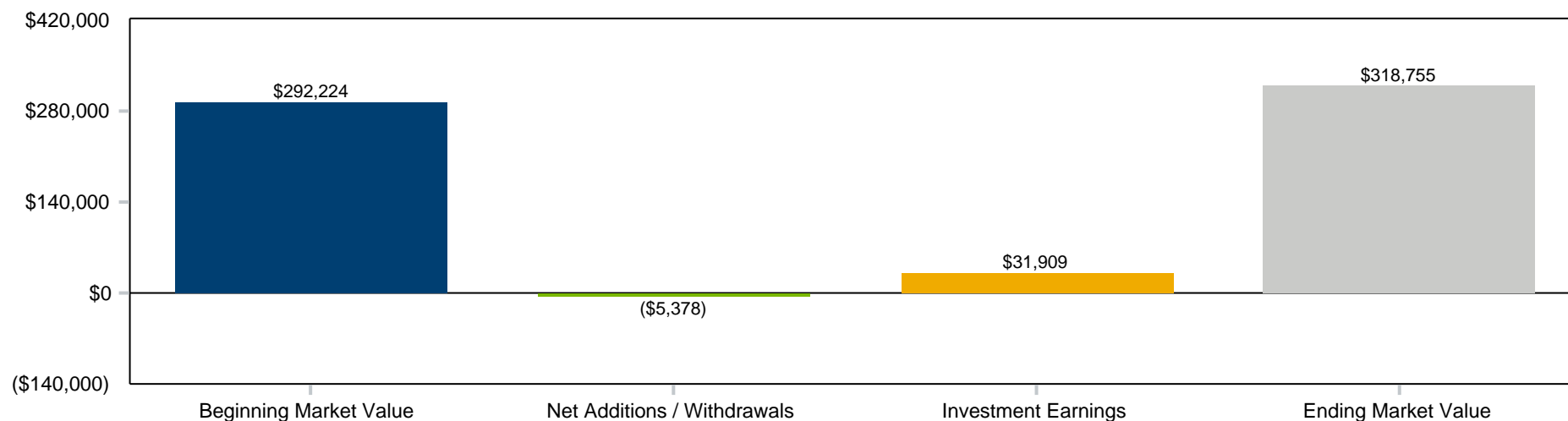
Asset Class Value Added

Total Fund

## Total Fund Asset Summary

As of 30 June 2020

Change in Market Value (\$000)  
From 1 April 2020 to 30 June 2020



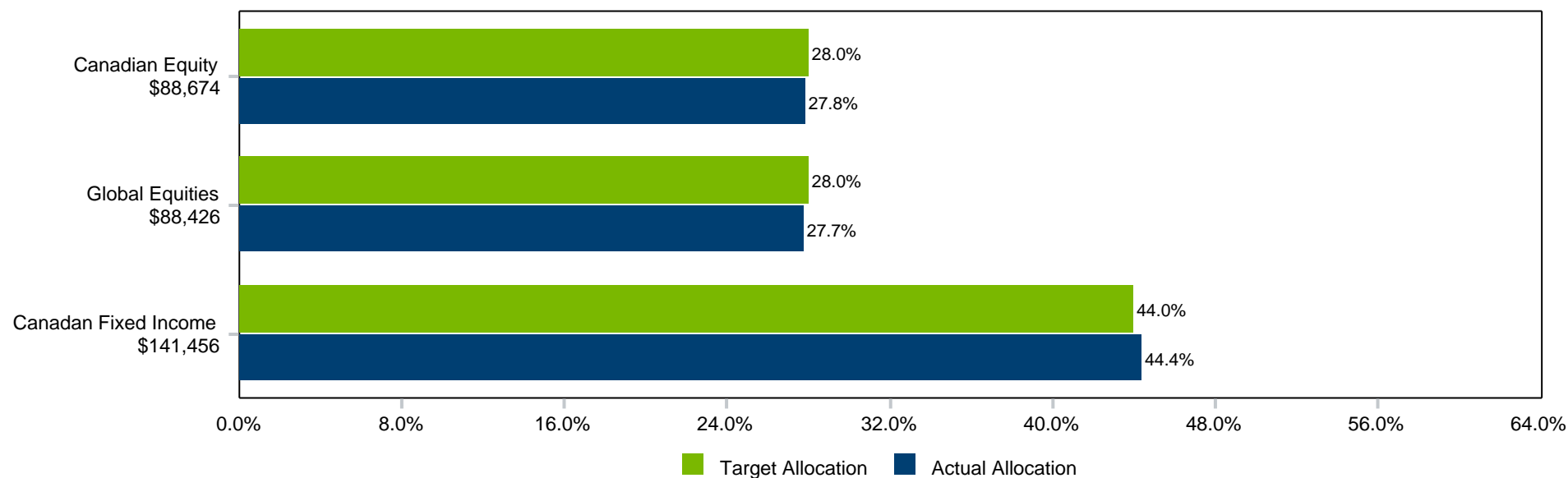
## Summary of Cash Flows (\$000)

	1 Quarter	Year To Date	1 Year	4 Years
Total Fund				
Beginning Market Value	292,224	337,452	336,441	324,405
+/- Net Cash Flows	-5,378	-10,416	-6,249	-59,489
+/- Income	1,412	2,233	26,945	75,660
+/- Capital Gains / Losses	30,497	-10,514	-38,382	-21,821
= Ending Market Value	318,755	318,755	318,755	318,755

Total Fund

## Asset Allocation Compliance

As of 30 June 2020 (\$000)



	Market Value (\$000)	Market Value (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)	Within Range
Total Fund	318,755	100.0	100.0	0.0			
Canadian Equity	88,674	27.8	28.0	-0.2	23.0	33.0	Yes
Global Equities	88,426	27.7	28.0	-0.3	23.0	33.0	Yes
Canadian Fixed Income	141,456	44.4	44.0	0.4	34.0	54.0	Yes

The Global Equity allocation for June 30, 2020 includes GMO Asset Allocation Fund, which is a balanced mandate with 65% allocation in Global Equities and 35% in Fixed Income. This fund was purchased due to a trading error and has been redeemed and the funds have been transferred to GMO Global Equity fund as of August 11th 2020.

## 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 July 2020 to 30 September 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	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	28.00%	30.00%	24.00%	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\$)	28.00%	30.00%	25.00%	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%	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%	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%	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%	0.00%	0.00%	0.00%	40.00%	45.00%	40.00%	40.00%
FTSE Canada Long Bond	23.00%	25.00%	21.00%	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	21.00%	15.00%	31.00%	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%	100.00%	100.00%	100.00%

## Appendix B - Manager Updates

Manager Updates

## Manager Updates

As of 30 June 2020

Brandes Investment Partners

Q2 2020

Business

There were no significant events.

Staff

There were no significant events.

Manager Updates

Manager Updates

As of 30 June 2020

GMO

Q2 2020

Business

In April 2020, the firm launched a new GMO Cyclical Focus Strategy. The Strategy will be managed by the Focused Equity team and the Asset Allocation team has allocated an initial investment within certain multi-asset class portfolios, such as the GMO Benchmark-Free Allocation Strategy.

Effective June 30, 2020, the GMO Core Plus Bond has changed to the GMO Multi-Sector Fixed Income Strategy. This Strategy seeks to achieve total return in excess of that of its benchmark, the Bloomberg Barclays U.S. Aggregate Index, by extracting alpha opportunities without taking any secular bias in duration, maturity, rating, and overall aggregate composition.

Staff

In June, Mina Tomovska joined the Investment Oversight team as an Associate Portfolio Strategist. She was previously at GMO in the Investment Analysis team.

Romae Smith joined the Developed Rates & FX team. Previously at GMO, she was a quantitative intern on the Global Equity team.

Doug Moringiello, Research Analyst, previously a member of the trade and portfolio operations team, is now engaged in research for GMO's Structured Products team.

Lun Yang is engaged in research for GMO's Developed Rates & FX team. Previously at GMO, he was a member of the IT team.

Matt Gale, Quantitative Trading Strategist, and Paul Duchnowski, Quantitative Research Analyst, both left the firm in Q2 2020 to pursue other opportunities.

Guardian Capital

Q2 2020

Business

There were no significant events.

Staff

There were no significant events.

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

Manager Updates

Manager Updates

As of 30 June 2020

Q2 2020

Business

There were no significant events.

Staff

Matthieu Watson Santerre joined the Investment Services team in the Montreal office as Director, Communications, with the responsibility of overseeing communication material and publications.

## Manager Updates

As of 30 June 2020

### TD Greystone Asset Management Q2 2020

#### Business

The TD Greystone High Yield Fund and the TD Greystone Long Bond PLus Fund were terminated this quarter.

The TD Greystone Global Real Estate Fund (Canada Feeder) L.P. was launched in Q2 2020.

#### Staff

There were no significant events.

## Appendix C - Disclosure

## Statement of Disclosure

As of 30 June 2020

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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