

The City of Hamilton Master Trust Period Ending 31 December 2020

Performance Review and Investment Manager Evaluation

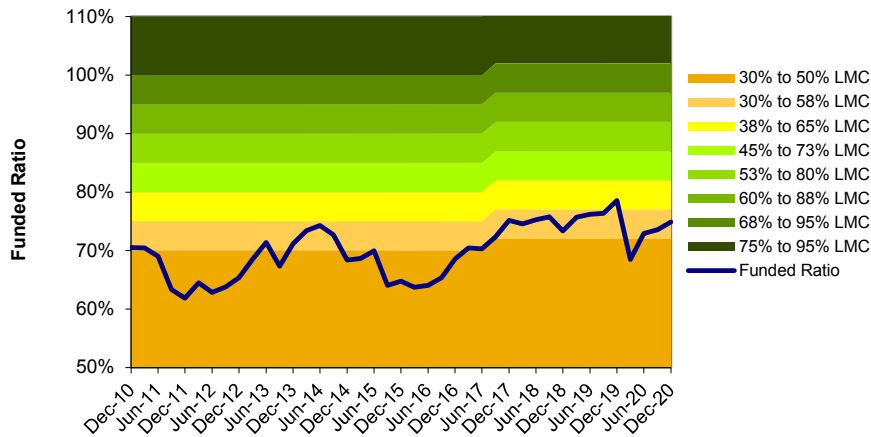
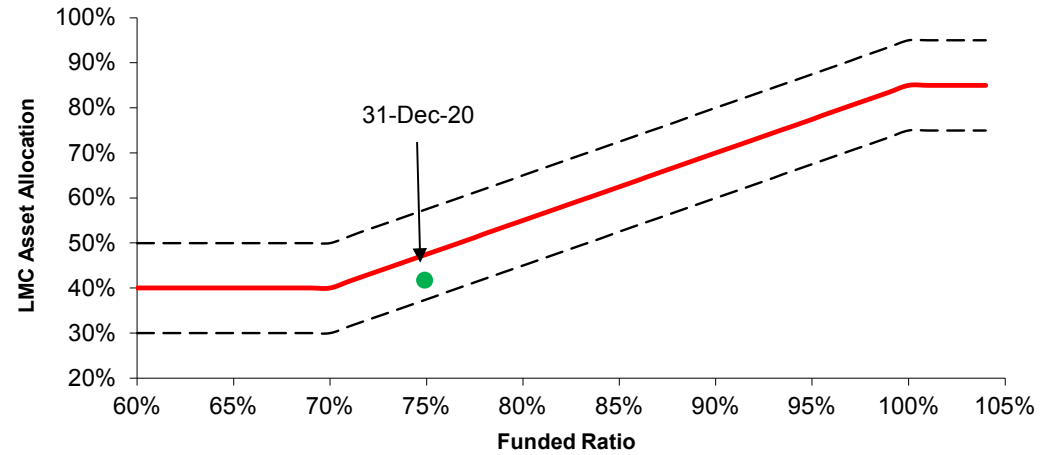
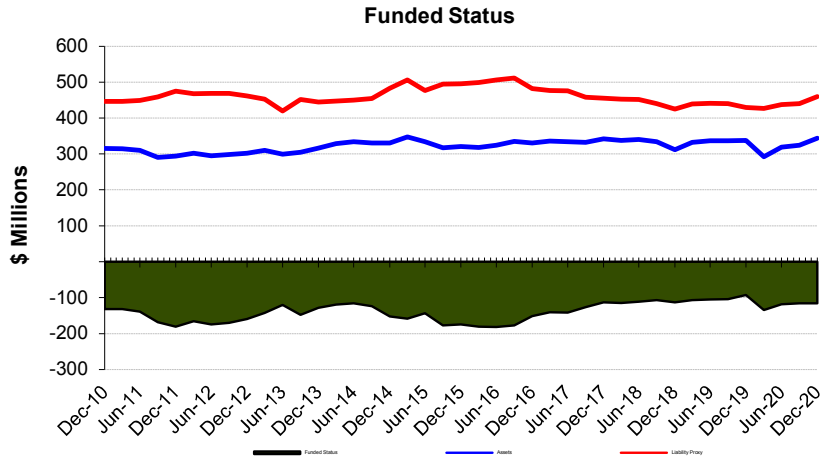
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Executive Summary

Quarterly Performance Report for the City of Hamilton
Funded Status and Glide Path Information for December 31, 2020



Snapshot (Wind-Up)

	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20
Market value of assets (\$ Millions)	\$292.2	\$318.8	\$323.8	\$344.0
Liability proxy (\$ Millions)	\$426.7	\$437.0	\$440.0	\$459.3
Funded status (\$ Millions)	(\$134.5)	(\$118.2)	(\$116.2)	(\$115.3)
Funded ratio	68.5%	73.0%	73.6%	74.9%
Current LMC Asset Allocation	54.0%	44.4%	43.8%	41.8%

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 December 31, 2020 is within the range determined acceptable for the current funded ratio (74.9%), the asset mix does not require rebalancing.

Executive Summary

Trailing Period Performance

As of 31 December 2020

	Allocation		Performance (%)						
	Market Value (\$000)	%	1 Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
Total Fund	343,971	100.0	8.1 (17)	8.7 (58)	11.2 (68)	5.9 (82)	6.7 (67)	7.2 (53)	7.4 (69)
Benchmark			5.6 (55)	13.5 (7)	15.0 (10)	8.8 (18)	8.7 (19)	8.7 (10)	7.9 (54)
Value Added			2.5	-4.8	-3.8	-2.9	-2.0	-1.5	-0.5
Canadian Equity	102,070	29.7	15.9 (12)	-0.5 (80)	7.7 (91)	1.5 (87)	4.1 (81)	7.8 (69)	7.5 (33)
Guardian (including cash)	51,157	14.9	9.8 (45)	4.5 (47)	11.3 (66)	5.1 (42)	6.3 (39)	8.6 (42)	6.9 (51)
S&P/TSX Composite			9.0 (61)	5.6 (38)	13.9 (29)	5.7 (37)	6.6 (31)	9.3 (26)	5.8 (78)
Value Added			0.8	-1.1	-2.6	-0.6	-0.3	-0.7	1.1
Letko (including cash)	50,913	14.8	23.0 (2)	-3.2 (95)	5.8 (96)	-0.8 (98)	2.6 (90)	7.3 (78)	7.8 (21)
S&P/TSX Composite			9.0 (61)	5.6 (38)	13.9 (29)	5.7 (37)	6.6 (31)	9.3 (26)	5.8 (78)
Value Added			14.0	-8.8	-8.1	-6.5	-4.0	-2.0	2.0
Global Equities	97,719	28.4	11.1 (38)	8.6 (59)	13.4 (62)	7.3 (66)	9.3 (63)	8.4 (63)	10.0 (87)
Aberdeen	21,981	6.4	10.1 (46)	14.9 (42)	16.8 (45)	9.8 (48)	11.6 (50)	10.3 (42)	10.4 (84)
MSCI World (Net)			9.0 (54)	13.9 (46)	17.5 (43)	11.2 (41)	12.0 (46)	10.3 (43)	12.6 (49)
Value Added			1.1	1.0	-0.7	-1.4	-0.4	0.0	-2.2
GMO	75,738	22.0	11.4 (37)	7.7 (62)	13.4 (62)	6.8 (68)	9.5 (61)	8.4 (63)	10.4 (84)
MSCI World (Net)			9.0 (54)	13.9 (46)	17.5 (43)	11.2 (41)	12.0 (46)	10.3 (43)	12.6 (49)
Value Added			2.4	-6.2	-4.1	-4.4	-2.5	-1.9	-2.2

*GMO returns are reported net-of-fees.

Executive Summary

Trailing Period Performance

As of 31 December 2020

	Allocation		Performance (%)						
	Market Value (\$'000)	%	1 Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
Canadian Fixed Income	143,916	41.8	1.4	12.5	11.6	7.5	6.6	5.8	5.3
TDAM Long Bonds	79,221	23.0	1.0	12.3	12.6	8.2	7.9	6.9	-
FTSE Canada Long Term Overall Bond			0.8	11.9	12.3	8.2	7.9	6.8	7.0
Value Added			0.2	0.4	0.3	0.0	0.0	0.1	-
TDAM Real Return Bonds	64,620	18.8	1.9	13.2	10.8	7.0	5.3	4.9	-
FTSE Canada Real Return Bond			1.8	13.0	10.5	6.9	5.3	4.8	4.5
Value Added			0.1	0.2	0.3	0.1	0.0	0.1	-
TDAM Cash	74	0.0							
Operating Account	266	0.1							

*GMO returns are reported net-of-fees.

Executive Summary

Trailing Period Performance

As of 31 December 2020

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total Fund	8.7 (58)	13.8 (76)	-4.2 (85)	9.5 (35)	9.3 (22)	2.6 (93)	12.0 (28)	13.0 (91)	10.5 (24)	0.5 (39)	9.6 (70)
Benchmark	13.5 (7)	16.4 (32)	-2.6 (56)	8.6 (57)	8.4 (33)	4.3 (81)	13.9 (1)	9.7 (97)	8.4 (71)	0.4 (42)	10.3 (54)
Value Added	-4.8	-2.6	-1.6	0.9	0.9	-1.7	-1.9	3.3	2.1	0.1	-0.7
Canadian Equities	-0.5 (80)	16.7 (90)	-10.0 (70)	12.3 (8)	24.1 (18)	-5.3 (49)	11.9 (41)	25.3 (16)	17.1 (2)	-9.1 (51)	14.8 (78)
Guardian (including cash)	4.5 (47)	18.5 (83)	-6.3 (12)	9.9 (31)	18.3 (59)	-4.0 (42)	13.0 (23)	13.8 (92)	13.7 (15)	-8.3 (46)	15.3 (72)
S&P/TSX Composite	5.6 (38)	22.9 (31)	-8.9 (52)	9.1 (51)	21.1 (35)	-8.3 (82)	10.6 (57)	13.0 (95)	7.2 (81)	-8.7 (49)	17.6 (43)
Value Added	-1.1	-4.4	2.6	0.8	-2.8	4.3	2.4	0.8	6.5	0.4	-2.3
Letko (including cash)	-3.2 (95)	15.6 (91)	-12.7 (92)	13.8 (2)	28.1 (6)	-5.9 (56)	11.5 (45)	31.5 (3)	18.4 (1)	-9.1 (51)	14.3 (85)
S&P/TSX Composite	5.6 (38)	22.9 (31)	-8.9 (52)	9.1 (51)	21.1 (35)	-8.3 (82)	10.6 (57)	13.0 (95)	7.2 (81)	-8.7 (49)	17.6 (43)
Value Added	-8.8	-7.3	-3.8	4.7	7.0	2.4	0.9	18.5	11.2	-0.4	-3.3
Global Equities	8.6 (59)	18.3 (62)	-3.9 (71)	15.8 (52)	4.7 (35)	10.4 (92)	10.2 (82)	26.3 (92)	12.8 (69)	-0.1 (31)	6.6 (65)
Aberdeen	14.9 (42)	18.7 (61)	-2.8 (62)	17.1 (43)	5.4 (31)	5.3 (97)	10.5 (81)	21.3 (98)	14.0 (57)	2.0 (19)	-
MSCI World (Net)	13.9 (46)	21.4 (40)	-0.6 (41)	14.4 (64)	3.8 (44)	18.9 (54)	14.4 (46)	35.1 (54)	13.3 (64)	-3.2 (51)	5.9 (74)
Value Added	1.0	-2.7	-2.2	2.7	1.6	-13.6	-3.9	-13.8	0.7	5.2	-
GMO	7.7 (62)	19.5 (56)	-5.3 (80)	18.1 (37)	4.2 (40)	12.9 (88)	8.1 (91)	29.1 (84)	12.5 (71)	0.9 (25)	-
MSCI World (Net)	13.9 (46)	21.4 (40)	-0.6 (41)	14.4 (64)	3.8 (44)	18.9 (54)	14.4 (46)	35.1 (54)	13.3 (64)	-3.2 (51)	5.9 (74)
Value Added	-6.2	-1.9	-4.7	3.7	0.4	-6.0	-6.3	-6.0	-0.8	4.1	-
Canadian Fixed Income	12.5	10.8	-0.3	3.8	3.0	3.1	14.8	-7.4	5.5	9.5	7.1
TDAM Long Bonds	12.3 (51)	13.0 (45)	-0.2 (88)	7.0 (62)	2.8 (45)	3.4 (80)	16.8 (71)	-5.7 (53)	-	-	-
FTSE Canada Long Term Overall Bond	11.9 (73)	12.7 (65)	0.3 (49)	7.0 (61)	2.5 (80)	3.8 (50)	17.5 (31)	-6.2 (86)	5.2 (78)	18.1 (26)	12.5 (51)
Value Added	0.4	0.3	-0.5	0.0	0.3	-0.4	-0.7	0.5	-	-	-
TDAM Real Return Bonds	13.2	8.4	-0.3	0.6	3.1	2.6	13.0	-11.5	-	-	-
FTSE Canada Real Return Bond	13.0	8.0	0.0	0.7	2.9	2.8	13.2	-13.1	2.9	18.3	11.1
Value Added	0.2	0.4	-0.3	-0.1	0.2	-0.2	-0.2	1.6	-	-	-

Parentheses contain percentile rankings.

Capital Markets Performance

Capital Market Performance

Major Capital Markets' Returns

As of 31 December 2020

	1 Quarter	Year To Date	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
Equity								
S&P/TSX Composite	9.0	5.6	5.6	13.9	5.7	6.6	9.3	5.8
S&P 500	7.3	16.3	16.3	20.6	14.8	14.6	13.2	16.8
S&P 500 (USD)	12.1	18.4	18.4	24.8	14.2	16.0	15.2	13.9
MSCI EAFE (Net)	11.0	5.9	5.9	10.8	4.9	7.7	5.6	8.2
MSCI World (Net)	9.0	13.9	13.9	17.5	11.2	12.0	10.3	12.6
MSCI ACWI (Net)	9.4	14.2	14.2	17.2	10.7	11.9	10.3	11.9
MSCI Emerging Markets (Net)	14.2	16.2	16.2	14.3	6.8	11.8	10.9	6.2
Real Estate								
MSCI/REALPAC Canada Annual Property	-1.5	-3.8	-3.8	1.3	3.4	4.3	4.6	7.7
MSCI/REALPAC Canada Quarterly Property Fund	1.3	0.5	0.5	4.7	5.9	6.4	6.4	8.3
Fixed Income								
FTSE Canada Universe Bond	0.6	8.7	8.7	7.8	5.6	4.8	4.2	4.5
FTSE Canada Long Term Overall Bond	0.8	11.9	11.9	12.3	8.2	7.9	6.8	7.0
FTSE Canada 91 Day TBill	0.0	0.9	0.9	1.3	1.3	1.1	1.0	1.0
Consumer Price Index								
Canadian CPI, unadjusted	0.4	0.7	0.7	1.5	1.7	1.7	1.7	1.6

Canadian Equities

The S&P/TSX Composite Index returned +9.0% in the fourth quarter of 2020. Apart from Materials (-3.7%) and Consumer Staples (-5.6%), all sectors showed positive returns. The best performing sectors were Health Care (+30.1%), Consumer Discretionary (+21.0%), and Financials (+16.7%). In a reversal of recent quarters, value stocks outperformed growth stocks (+15.1% vs +3.2% respectively). In the past year, growth stocks outperformed value stocks (+17.9% vs. -9.6% respectively). The S&P/TSX Composite Index returned +5.6% over the last 12 months. Energy (-26.6%) was the worst performer followed by Health Care (-23.0%) and Real Estate (-8.7%). Information Technology (+80.7%), Consumer Discretionary (+17.1%), and Industrials (+17.0%) were the best performing sectors.

U.S. Equities

The S&P 500 Index returned +7.3% in the quarter in Canadian dollar terms. All sectors had positive returns. The best performing sectors were Energy (+21.9%), Financials (+17.5%) and Industrials (+10.3%). During the past 12 months, the S&P 500 Index returned +16.3% in Canadian dollar terms. The best performing sector was Information Technology (+41.4%) while Energy (-34.8%) and Real Estate (-3.9%) were the worst performers.

Non-North American Equities

The MSCI EAFE Index returned +11.0% in the quarter in Canadian dollar terms. Aside from Health Care (-0.8%), all sectors had positive returns. The best performing sectors were Energy (+25.1%), Financials (+19.6%) and Consumer Discretionary (+16.7%). During the past 12 months, the Index returned +5.9% in Canadian dollar terms. The worst performing sectors were Energy (-28.8%) and Real Estate (-8.5%), while the best performers were Information Technology (+26.1%) and Materials (+18.5%).

Fixed Income

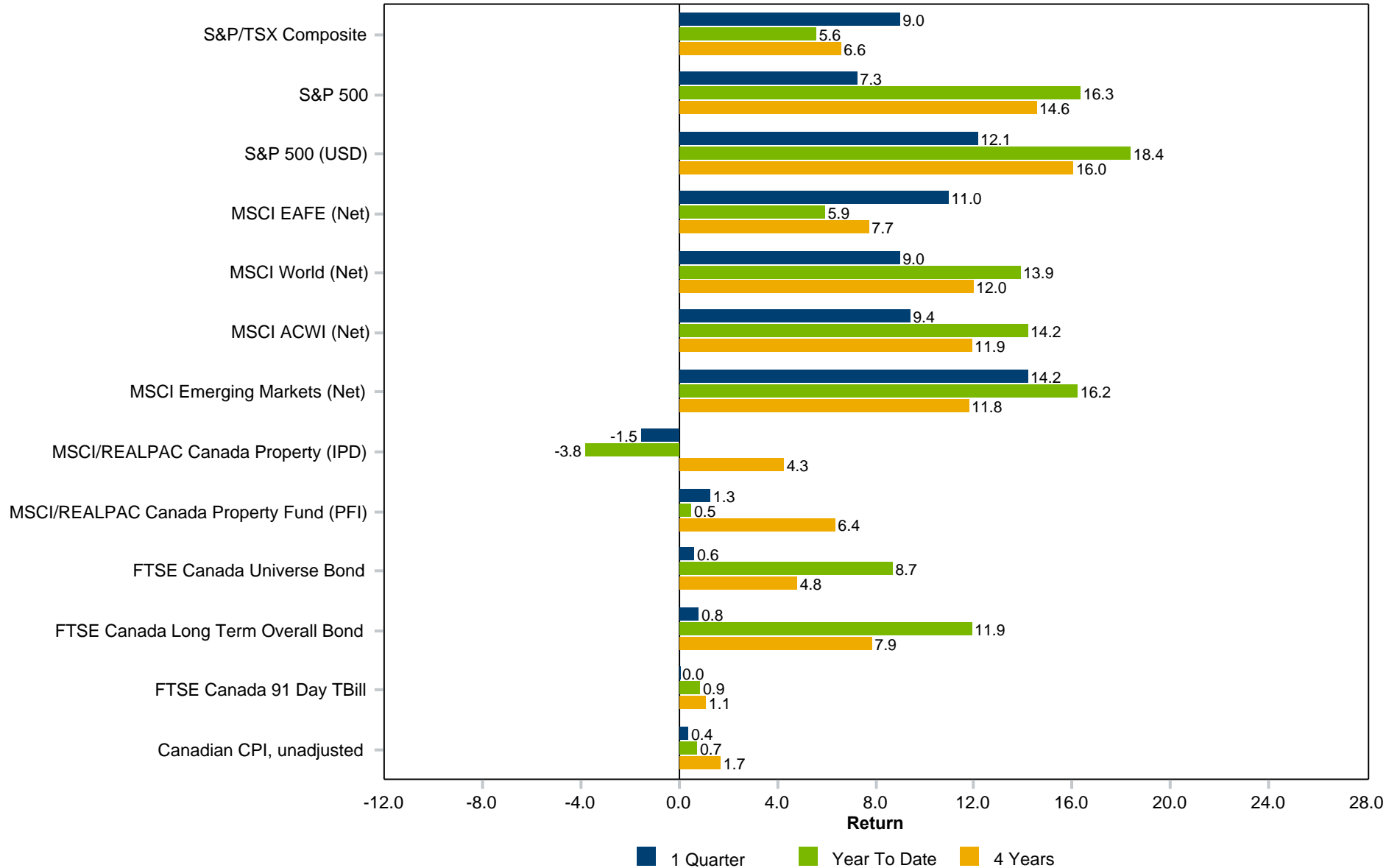
The Canadian bond market, as measured by the FTSE Canada Universe Bond Index, returned +0.6% over the quarter. Corporate bonds (+1.8%) outperformed Provincial bonds (+0.6%) and Federal bonds (-0.2%). From a term perspective, long duration bonds (+0.8%) outperformed medium duration bonds (+0.6%) and short duration bonds (+0.5%). During the past 12 months, the Index returned +8.7%. Bond market performance over the year was led by Provincial bonds (+9.9%) which outperformed Corporate bonds (+8.7%) and Federal bonds (+7.3%). Long duration (+11.9%) and medium duration bonds (+10.1%) outperformed short duration bonds (+5.3%) for the 12-month period.

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

Capital Market Performance

Comparative Performance

As of 31 December 2020



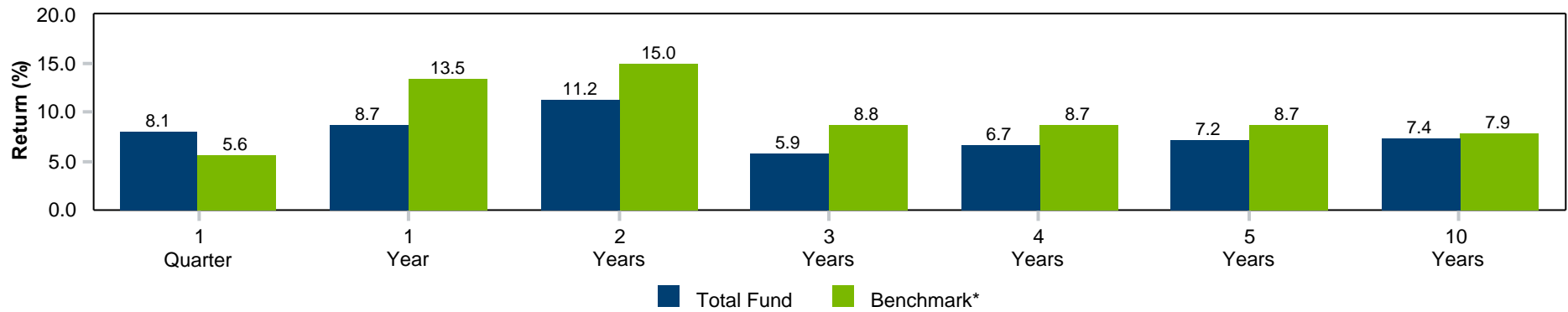
Total Fund Analysis

Total Fund

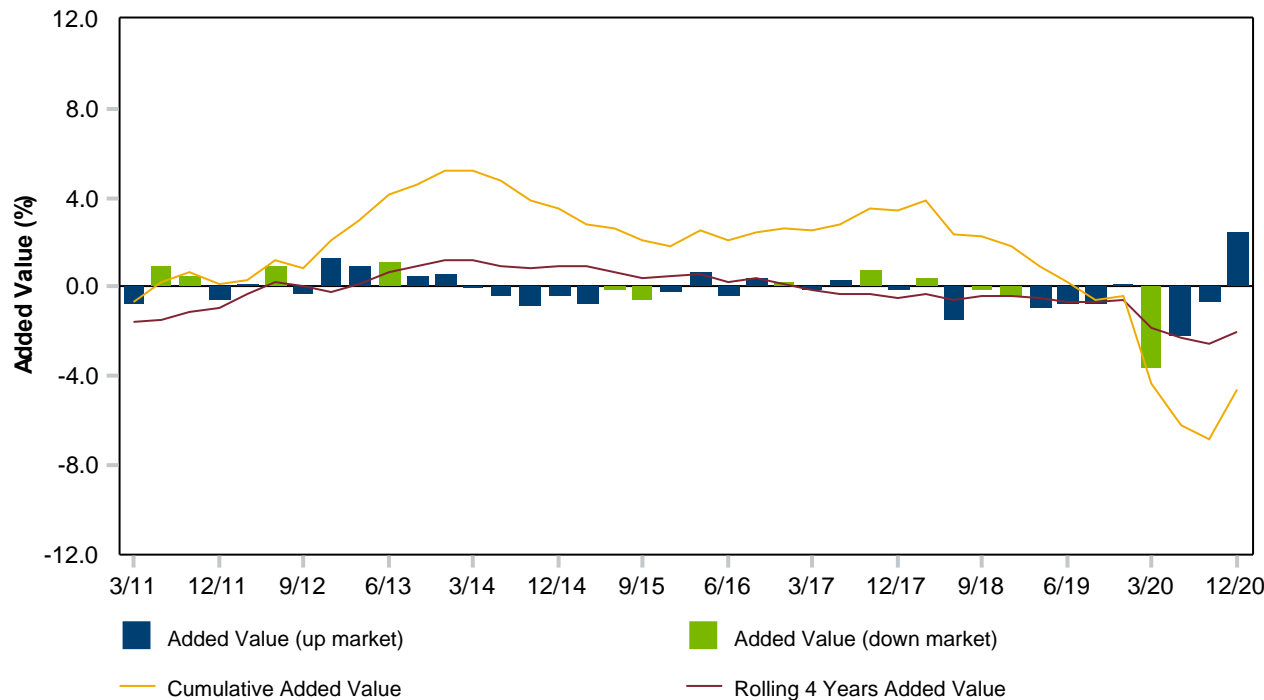
Total Fund Performance Summary

As of 31 December 2020

Return Summary



Added Value History (%)



Performance Statistics

	Quarters	%
Market Capture		
Up Markets	28	95.9
Down Markets	12	100.2
Batting Average		
Up Markets	28	35.7
Down Markets	12	58.3
Overall	40	42.5

* See Appendix A for benchmark components.

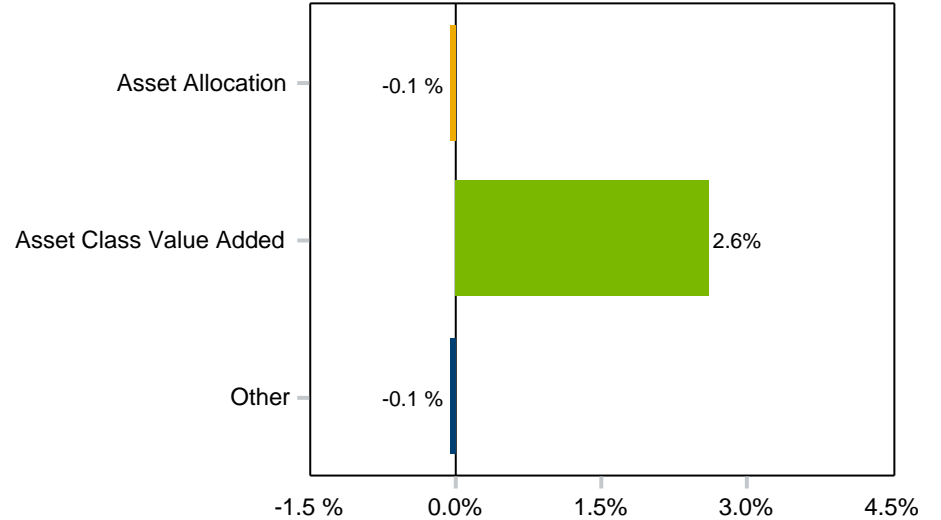
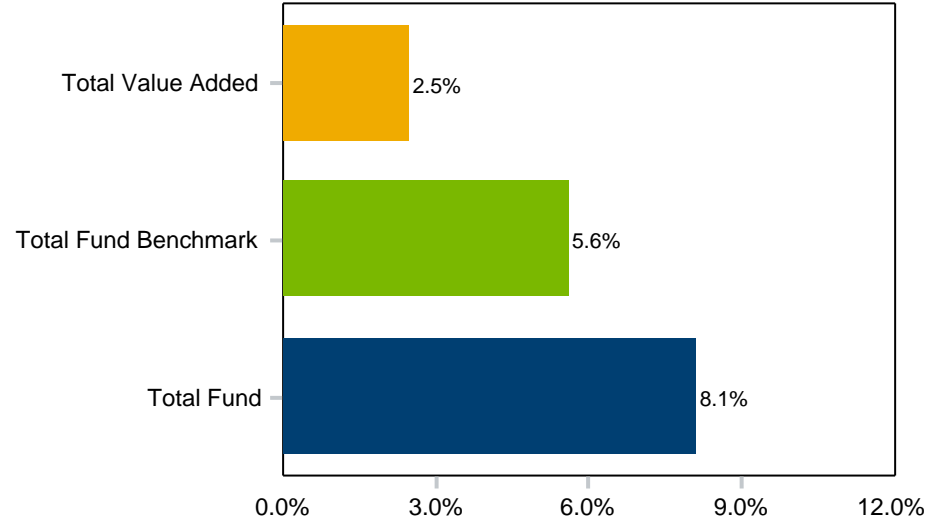
Total Fund

Total Fund Performance Attribution

1 Quarter Ending 31 December 2020
Total Fund vs. Benchmark

Total Fund Performance

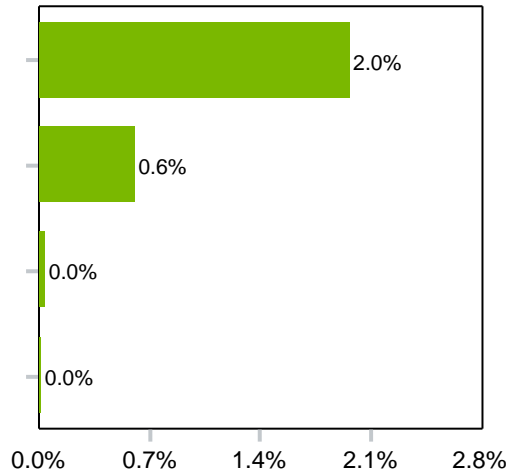
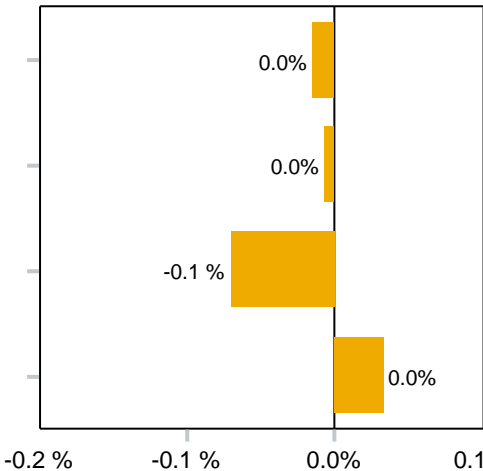
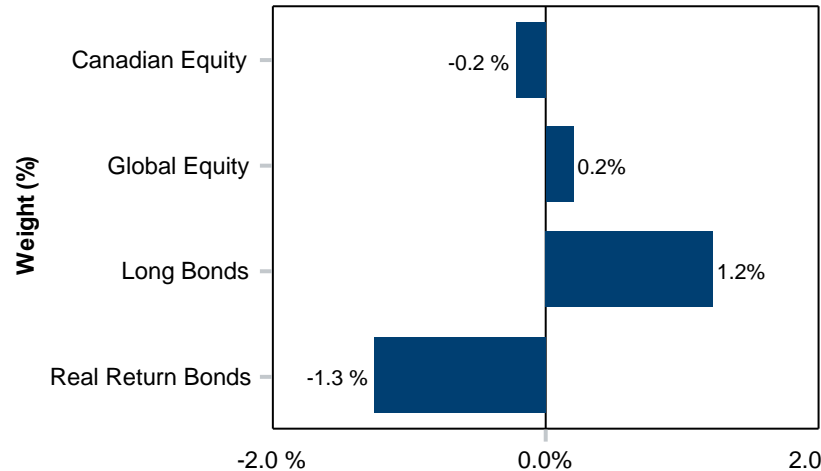
Total Value Added: 2.5%



1 Quarter

Total Asset Allocation: -0.1%

Total Asset Class Value Added: 2.6%



Active Weight

Asset Allocation Value Added

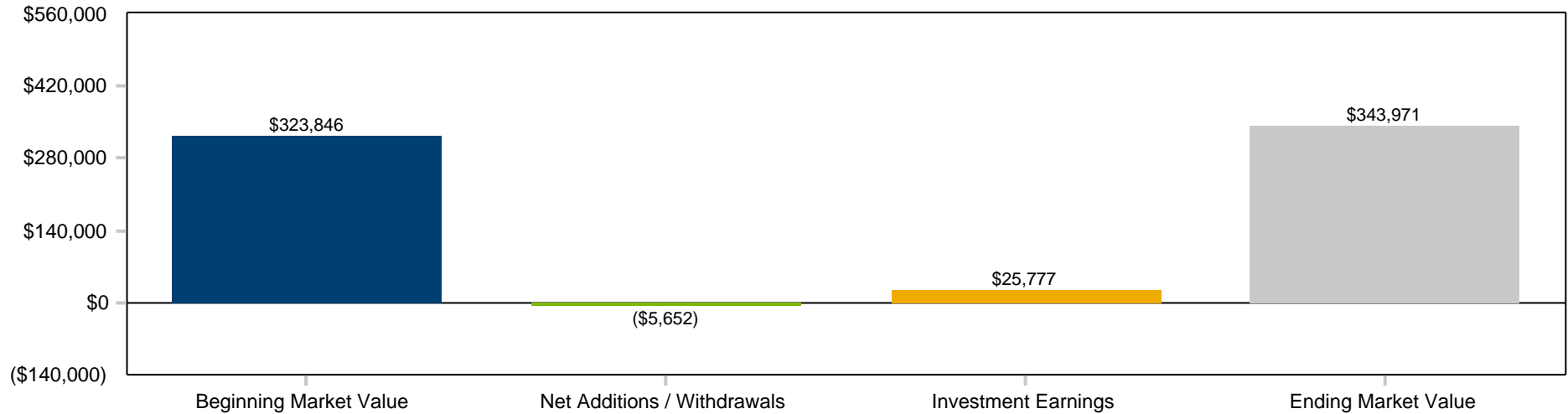
Asset Class Value Added

Total Fund

Total Fund Asset Summary

As of 31 December 2020

Change in Market Value (\$000)
From 1 October 2020 to 31 December 2020



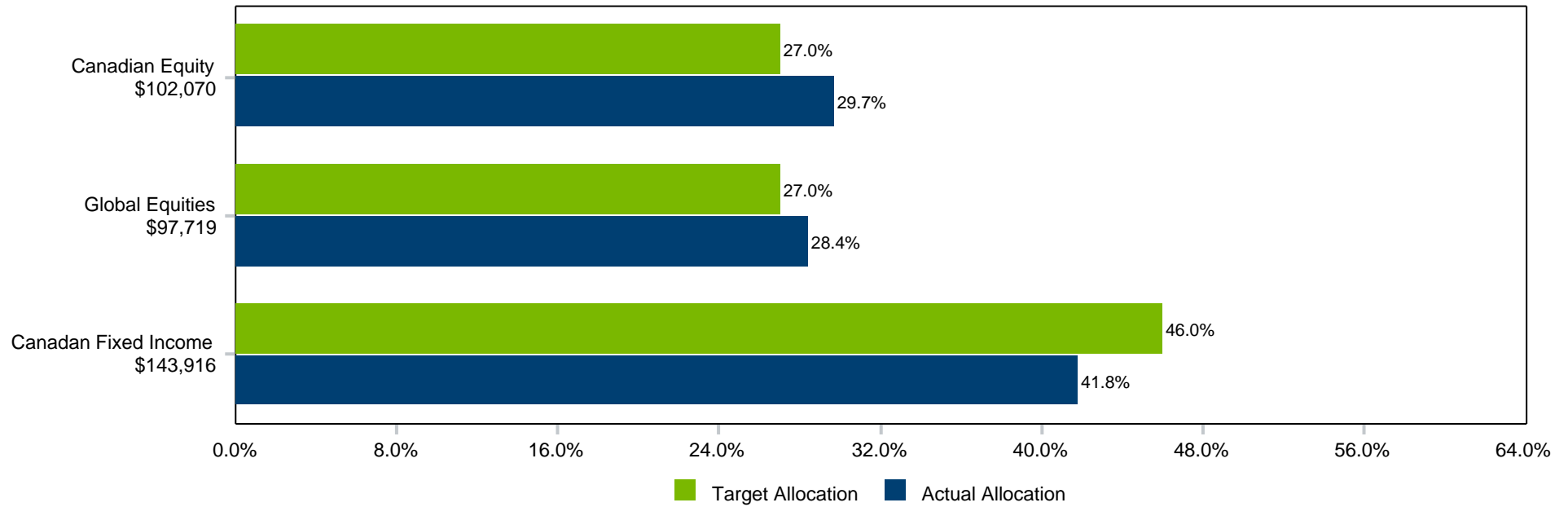
Summary of Cash Flows (\$000)

	1 Quarter	Year To Date	1 Year	4 Years
Total Fund				
Beginning Market Value	323,846	337,452	337,452	330,312
+/- Net Cash Flows	-5,652	-21,018	-21,018	-60,680
+/- Income	24,539	27,583	27,583	86,109
+/- Capital Gains / Losses	1,238	-47	-47	-11,770
= Ending Market Value	343,971	343,971	343,971	343,971

Total Fund

Asset Allocation Compliance

As of 31 December 2020 (\$000)



	Market Value (\$000)	Market Value (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)	Within Range
Total Fund	343,971	100.0	100.0	0.0			
Canadian Equity	102,070	29.7	27.0	2.7	22.0	32.0	Yes
Global Equities	97,719	28.4	27.0	1.4	22.0	32.0	Yes
Canadian Fixed Income	143,916	41.8	46.0	-4.2	36.0	56.0	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 January 2021 onwards	1 July 2020 onwards	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
S&P/TSX Composite	27%	28%	30%	24%	26%	27%	28%	27%	27%	27%
MSCI World (C\$)	27%	28%	30%	25%	25%	26%	28%	26%	27%	26%
FTSE Canada Long Bond	23%	23%	25%	21%	21%	22%	23%	22%	23%	22%
FTSE Canada Real Return Bond	23%	21%	15%	31%	28%	25%	21%	25%	23%	25%
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

	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%	30%	30%	30%	30%	25%
MSCI World (C\$)	28%	30%	30%	0%	0%	0%
MSCI World ex. Cda (C\$)	0%	0%	0%	15%	15%	18%
S&P 500 - hedged to C\$	0%	0%	0%	5%	8%	9%
MSCI EAFE - hedged to C\$	0%	0%	0%	5%	8%	9%
FTSE Canada Universe Bond	0%	0%	40%	45%	40%	40%
FTSE Canada Long Bond	22%	25%	0%	0%	0%	0%
FTSE Canada Real Return Bond	22%	15%	0%	0%	0%	0%
	100%	100%	100%	100%	100%	100%

Appendix B - Manager Updates

Manager Updates

Manager Updates

As of 31 December 2020

Aberdeen Standard Investments

Q4 2020

Business

There were no significant events during the quarter.

Staff

The following staff changes occurred on the Global Equity team over Q4 2020:

Jamie Cumming, Senior Investment Director in Edinburgh, left the firm in December.

Euan Sanderson, Investment Director in Boston, left the firm in December.

Pieter Van Diepen, Investment Director in Edinburgh, left the firm in December.

The following staff changes occurred on the Emerging Markets Equity team over Q4 2020:

Mark Gordon-James, Investment Director in London, left the firm in December.

Peter Taylor, Senior Investment Manager/Head of Corporate Governance in London, left the firm in December.

Kemal Razindyaswara, Investment Manager in Jakarta, left the firm in November.

Brandes Investment Partners

Q4 2020

Business

There were no significant events.

Staff

There were no significant events.

Manager Updates

Manager Updates

As of 31 December 2020

GMO

Q4 2020

Business

There were no significant events.

Staff

Over the quarter, Greg Jones, Co-Head of GMO Developed Rates & FX team/ Head of Quantitative Research, left the firm to pursue other opportunities.

Guardian Capital

Q4 2020

Business

Effective 30 October, 2020 the name of the Guardian Balanced Fund has been changed to the Guardian Managed Balanced Portfolio.

Staff

In Q4 2020 Aubrey Basdeo joined the Canadian Fixed Income Team as Head of Canadian Fixed Income

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

Q4 2020

Business

There were no significant events.

Staff

Andrew Davis, Director, Investment Services, left Letko Brosseau at the end of Q4 after two years of dedicated client service.

Manager Updates

As of 31 December 2020

TD Asset Management ("TDAM")

Q4 2020

Business

The TD Emerald Low Volatility U.S. Equity PFT was terminated on 2 December 2020.

Staff

In October and November of 2020, TD Asset Management announced the pending retirement of two senior individuals. Greg Zahorski, Managing Director, Real Estate and Mortgages, retired on 31 December 2020 and Connie Ashton, Managing Director, Alternative Investments, will retire on 31 March 2021.

Appendix C - Disclosure

Disclosure

Statement of Disclosure

As of 31 December 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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