

The City of Hamilton Master Trust Period Ending 30 June 2021

Performance Review and Investment Manager Evaluation

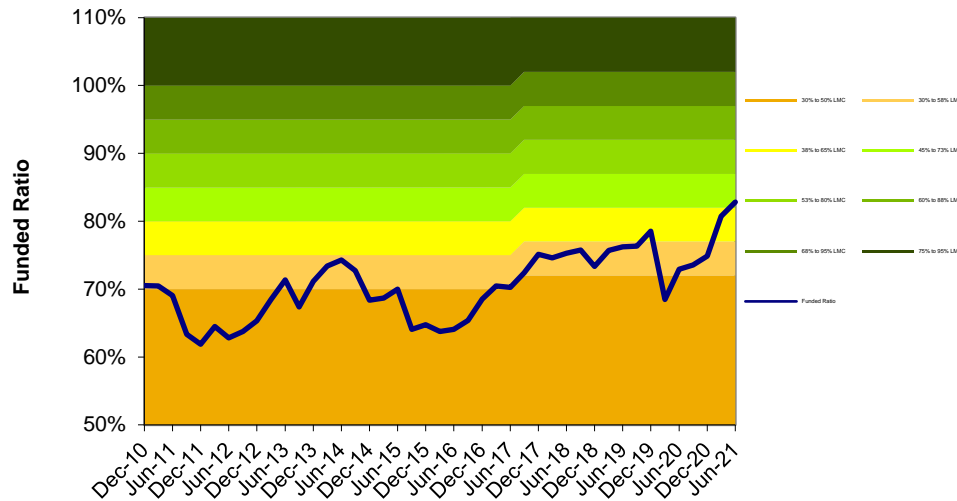
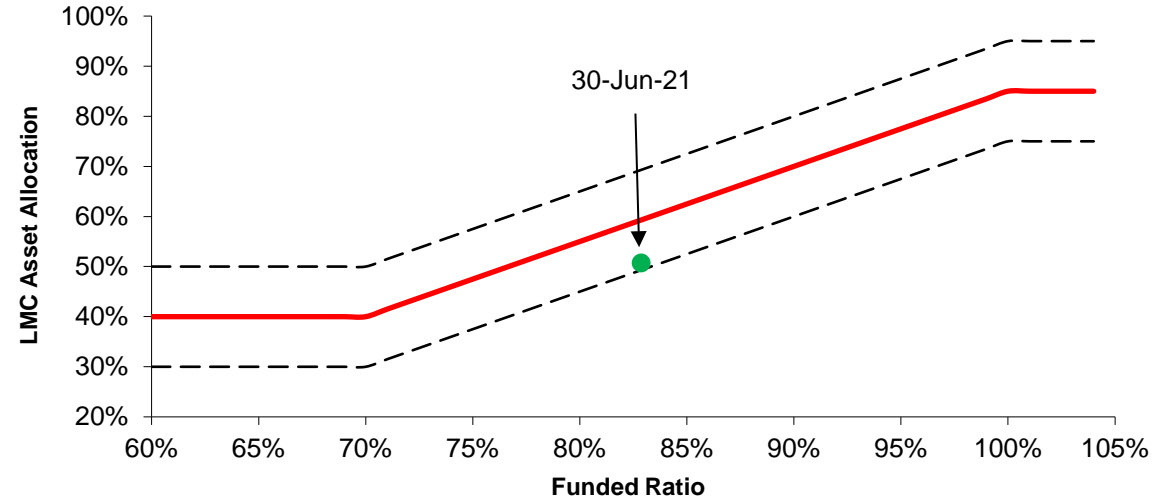
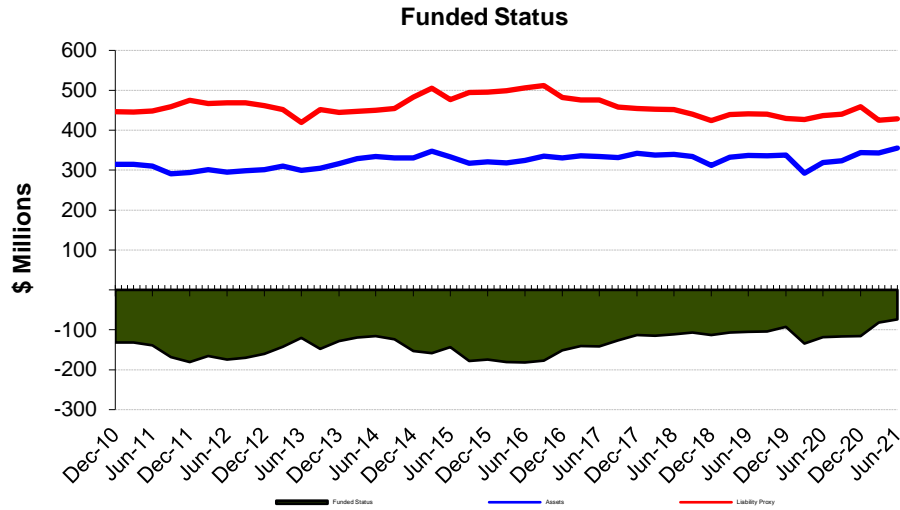
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Executive Summary

Quarterly Performance Report for the City of Hamilton Funded Status and Glide Path Information for June 30, 2021



Snapshot (Wind-Up)

	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21
Market value of assets (\$ Millions)	\$323.8	\$344.0	\$343.2	\$355.4
Liability proxy (\$ Millions)	\$440.0	\$459.3	\$424.8	\$428.9
Funded status (\$ Millions)	(\$116.2)	(\$115.3)	(\$81.6)	(\$73.5)
Funded ratio	73.6%	74.9%	80.8%	82.9%
Current LMC Asset Allocation	43.8%	41.8%	38.2%	50.8%

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 June 30, 2021 is within the range determined acceptable for the current funded ratio (82.9%), the asset mix does not require rebalancing.

Executive Summary

Trailing Period Performance

As of 30 June 2021

	Allocation		Performance (%)						
	Market Value (\$000)	%	1 Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
Total Fund	355,368	100.0	5.3 (29)	19.1 (37)	9.2 (78)	7.5 (86)	7.4 (77)	7.7 (82)	7.9 (74)
Benchmark			5.3 (29)	14.1 (91)	10.5 (46)	9.1 (42)	8.8 (38)	8.7 (47)	8.2 (69)
Value Added			0.0	5.0	-1.3	-1.6	-1.4	-1.0	-0.3
Canadian Equity	89,686	25.2	8.3 (42)	47.6 (16)	11.9 (82)	7.4 (79)	8.7 (68)	10.4 (46)	9.4 (23)
Guardian (including cash)	45,480	12.8	6.9 (73)	36.2 (46)	12.9 (64)	10.1 (48)	10.3 (38)	10.6 (41)	8.7 (39)
S&P/TSX Composite			8.5 (32)	33.9 (58)	14.4 (41)	10.8 (30)	10.7 (31)	10.8 (36)	7.4 (81)
Value Added			-1.6	2.3	-1.5	-0.7	-0.4	-0.2	1.3
Letko (including cash)	44,205	12.4	9.8 (12)	61.0 (3)	12.4 (74)	6.2 (90)	8.0 (80)	10.6 (41)	9.9 (7)
S&P/TSX Composite			8.5 (32)	33.9 (58)	14.4 (41)	10.8 (30)	10.7 (31)	10.8 (36)	7.4 (81)
Value Added			1.3	27.1	-2.0	-4.6	-2.7	-0.2	2.5
Global Equities	84,914	23.9	4.0 (72)	27.3 (58)	14.1 (61)	10.2 (62)	9.7 (65)	11.6 (67)	10.7 (92)
Aberdeen	23,892	6.7	7.0 (19)	26.7 (62)	15.9 (51)	12.3 (48)	11.2 (56)	12.2 (64)	10.9 (90)
MSCI World (Net)			6.1 (33)	26.6 (63)	16.4 (47)	12.7 (44)	12.7 (45)	13.7 (51)	13.5 (55)
Value Added			0.9	0.1	-0.5	-0.4	-1.5	-1.5	-2.6
GMO	61,022	17.2	3.1 (89)	28.3 (52)	14.3 (60)	10.3 (61)	9.8 (65)	11.7 (66)	11.1 (87)
MSCI World (Net)			6.1 (33)	26.6 (63)	16.4 (47)	12.7 (44)	12.7 (45)	13.7 (51)	13.5 (55)
Value Added			-3.0	1.7	-2.1	-2.4	-2.9	-2.0	-2.4

*GMO returns are reported net-of-fees.

Executive Summary

Trailing Period Performance

As of 30 June 2021

	Allocation		Performance (%)						
	Market Value (\$'000)	%	1 Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
Canadian Fixed Income	180,450	50.8	3.7	-2.8	3.0	4.8	4.3	3.2	4.5
TDAM Long Bonds	72,518	20.4	3.6	-6.4	2.5	5.3	4.4	3.6	-
FTSE Canada Long Term Overall Bond			3.7	-6.9	2.1	5.1	4.3	3.5	6.0
Value Added			-0.1	0.5	0.4	0.2	0.1	0.1	-
TDAM Real Return Bonds	107,832	30.3	3.8	1.7	3.9	4.3	4.3	2.8	-
FTSE Canada Real Return Bond			3.5	2.1	3.8	4.3	4.2	2.8	3.6
Value Added			0.3	-0.4	0.1	0.0	0.1	0.0	-
TDAM Cash	100	0.0							
Operating Account	318	0.1							

*GMO returns are reported net-of-fees.

Executive Summary

Trailing Period Performance

As of 30 June 2021

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total Fund	19.1 (37)	0.2 (83)	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)
Benchmark	14.1 (91)	7.1 (8)	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)
Value Added	5.0	-6.9	-2.3	-0.4	0.8	-0.6	-2.2	0.7	3.1	0.9	-1.2
Canadian Equities	47.6 (16)	-15.1 (92)	-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)
Guardian (including cash)	36.2 (46)	-6.5 (55)	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)
S&P/TSX Composite	33.9 (58)	-2.2 (30)	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)
Value Added	2.3	-4.3	0.9	0.4	0.7	3.5	1.9	-2.0	1.4	7.2	0.7
Letko (including cash)	61.0 (3)	-21.5 (99)	-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)
S&P/TSX Composite	33.9 (58)	-2.2 (30)	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)
Value Added	27.1	-19.3	-9.1	3.0	10.5	1.7	2.6	2.4	16.3	3.4	-0.5
Global Equities	27.3 (58)	2.3 (61)	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 (69)
Aberdeen	26.7 (62)	6.0 (45)	5.4 (43)	7.9 (82)	16.4 (72)	-1.0 (59)	7.6 (96)	22.0 (79)	17.2 (91)	4.3 (26)	18.3 (61)
MSCI World (Net)	26.6 (63)	6.9 (40)	5.7 (41)	12.5 (47)	17.8 (63)	1.4 (40)	18.9 (59)	25.2 (54)	22.7 (58)	0.4 (52)	18.7 (57)
Value Added	0.1	-0.9	-0.3	-4.6	-1.4	-2.4	-11.3	-3.2	-5.5	3.9	-0.4
GMO	28.3 (52)	1.9 (63)	2.8 (66)	8.1 (81)	20.0 (46)	-2.8 (72)	11.9 (90)	23.8 (66)	19.0 (84)	2.9 (33)	16.8 (74)
MSCI World (Net)	26.6 (63)	6.9 (40)	5.7 (41)	12.5 (47)	17.8 (63)	1.4 (40)	18.9 (59)	25.2 (54)	22.7 (58)	0.4 (52)	18.7 (57)
Value Added	1.7	-5.0	-2.9	-4.4	2.2	-4.2	-7.0	-1.4	-3.7	2.5	-1.9
Canadian Fixed Income	-2.8	9.2	8.3	2.8	-1.2	7.8	7.5	8.1	-3.9	10.4	5.0
TDAM Long Bonds	-6.4 (64)	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	-6.9 (82)	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)
Value Added	0.5	0.1	0.0	0.0	-0.1	0.3	-1.1	0.4	0.9	-	-
TDAM Real Return Bonds	1.7	6.1	5.1	4.2	-2.9	5.4	5.8	8.2	-8.5	-	-
FTSE Canada Real Return Bond	2.1	5.5	5.2	4.0	-2.7	5.3	5.6	8.1	-9.9	14.9	11.7
Value Added	-0.4	0.6	-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 2021

	1 Quarter	Year To Date	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
Equity								
S&P/TSX Composite	8.5	17.3	33.9	14.4	10.8	10.7	10.8	7.4
S&P 500	6.9	12.1	28.2	19.7	16.3	16.2	16.5	17.7
S&P 500 (USD)	8.5	15.3	40.8	23.0	18.7	17.6	17.6	14.8
MSCI EAFE (Net)	3.6	5.8	20.6	9.1	6.1	6.6	9.2	8.6
MSCI World (Net)	6.1	9.9	26.6	16.4	12.7	12.7	13.7	13.5
MSCI ACWI (Net)	5.8	9.2	26.6	16.1	12.3	12.2	13.5	12.7
MSCI Emerging Markets (Net)	3.5	4.4	28.1	13.6	9.1	9.2	12.0	6.9
Real Estate								
MSCI/REALPAC Canada Annual Property	1.7	2.9	1.1	1.2	3.2	4.3	4.7	7.4
MSCI/REALPAC Canada Quarterly Property Fund	3.6	6.1	8.1	5.9	6.5	7.1	7.1	8.2
Fixed Income								
FTSE Canada Universe Bond	1.7	-3.5	-2.4	2.6	4.2	3.3	2.6	3.9
FTSE Canada Long Term Overall Bond	3.7	-7.4	-6.9	2.1	5.1	4.3	3.5	6.0
FTSE Canada 91 Day TBill	0.0	0.1	0.1	0.9	1.1	1.1	1.0	0.9
Consumer Price Index								
Canadian CPI, unadjusted	1.3	2.9	3.1	1.9	1.9	2.0	1.8	1.7

Canadian Equities

The S&P/TSX Composite Index returned +8.5% in the second quarter of 2021. Apart from Health Care (-11.6%), all sectors showed positive returns. The best performing sectors were Information Technology (+23.0%), Energy (+13.9%) and Real Estate (+10.7%). Value stocks and growth stocks experienced similar returns for the quarter, but value stocks have significantly outperformed growth stocks in the past year (+46.1% vs. +20.5% respectively). The S&P/TSX Composite Index returned +33.9% over the last 12 months. Consumer Discretionary (+54.3%), Financials (+49.7%), and Energy (+44.5%) were the best performing sectors. Materials (+4.6%) was the worst performer followed by Consumer Staples (+11.7%) and Utilities (+23.0%).

U.S. Equities

The S&P 500 Index returned +6.9% in the quarter in Canadian dollar terms. All sectors had positive returns apart from Utilities (-1.9%). The best performing sectors were Real Estate (+11.4%), Information Technology (+9.9%) and Energy (+9.7%). During the past 12 months, the S&P 500 Index returned +28.2% in Canadian dollar terms. The best performing sector was Financials (+47.1%) while Utilities (+5.3%) and Consumer Staples (+12.1%) were the worst performers.

Non-North American Equities

The MSCI EAFE Index returned +3.6% in the quarter in Canadian dollar terms. Aside from Utilities (-2.6%) and Communication Services (-1.2%), all sectors had positive returns. The best performing sectors were Health Care (+7.7%), Consumer Staples (+6.9%) and Information Technology (+6.7%). During the past 12 months, the Index returned +20.6% in Canadian dollar terms. The best performing sectors were Consumer Discretionary (+36.2%) and Materials (+33.8%) while the worst performers were Health Care (+2.1%) and Utilities (+2.5%).

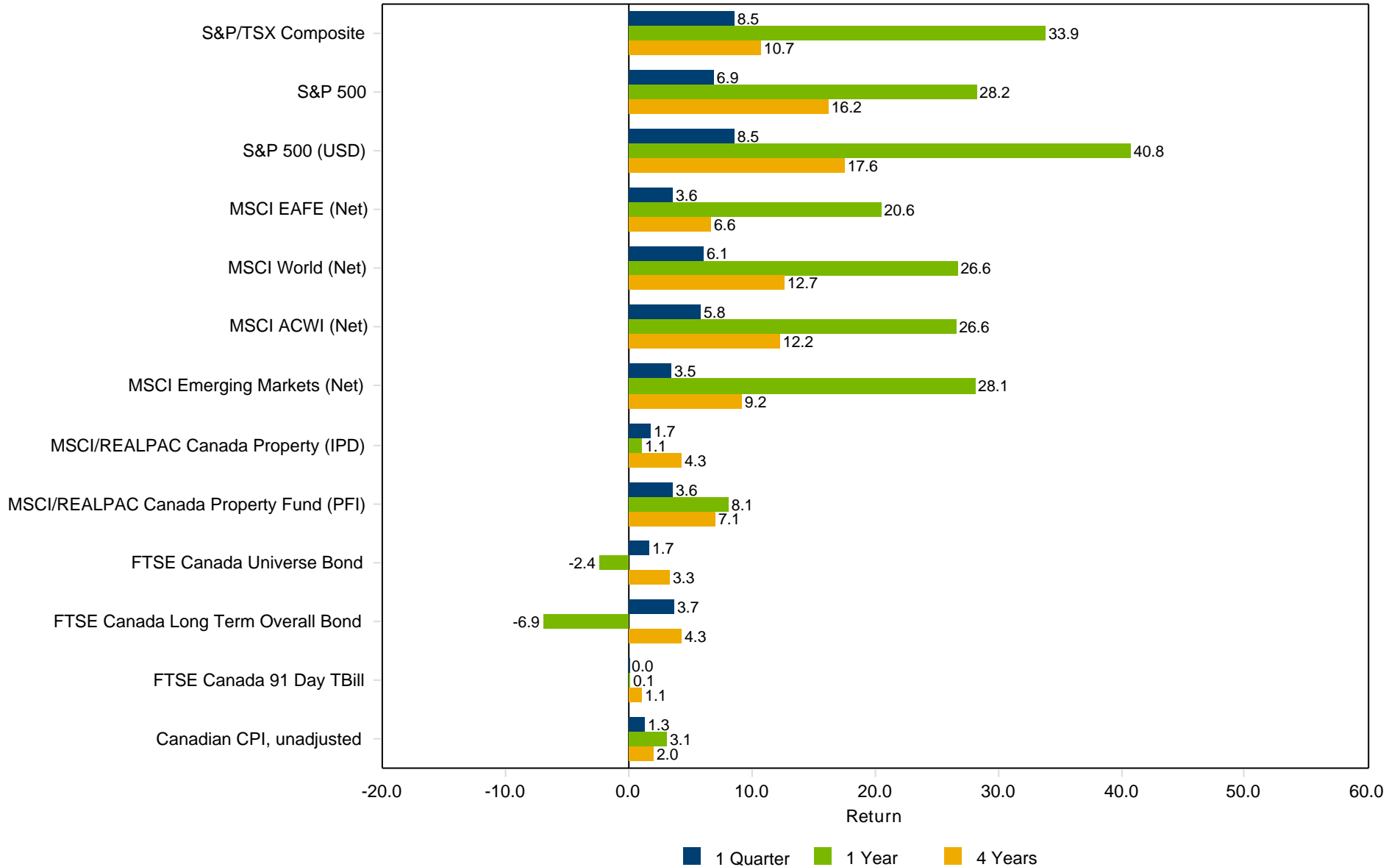
Fixed Income

The Canadian investment grade bond market, as measured by the FTSE Canada Universe Bond Index, returned +1.7% over the quarter. Provincial bonds (+2.7%) outperformed Corporate bonds (+1.3%) and Federal bonds (+0.8%). From a term perspective, long duration bonds (+3.7%) outperformed medium duration bonds (+1.6%) and short duration bonds (+0.1%). During the past 12 months, the Index returned -2.4%. Bond market performance over the year was led by Corporate bonds (+0.8%) which outperformed Federal bonds (-3.2%) and Provincial bonds (-4.0%). Short duration bonds (+0.7%) outperformed medium duration bonds (-1.4%) and long duration bonds (-6.9%) for the 12-month period.

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

Comparative Performance

As of 30 June 2021



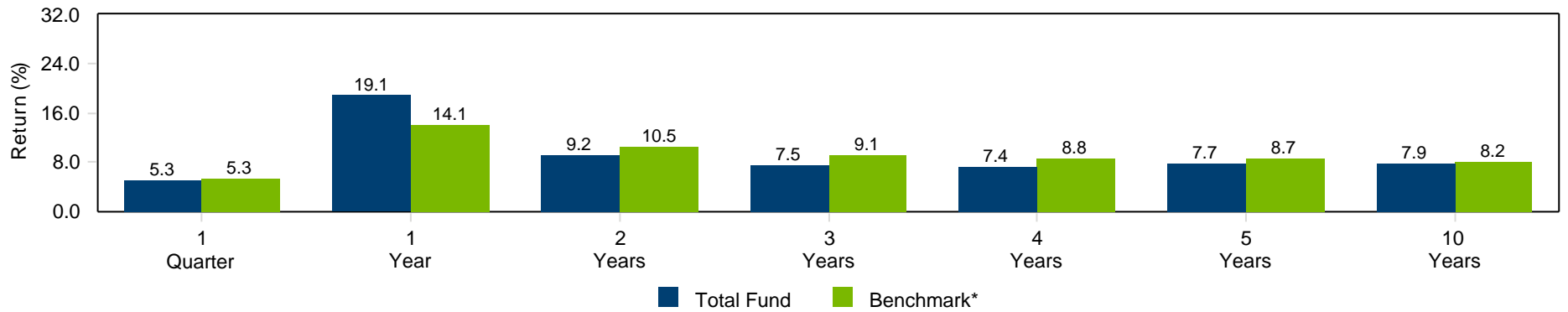
Total Fund Analysis

Total Fund

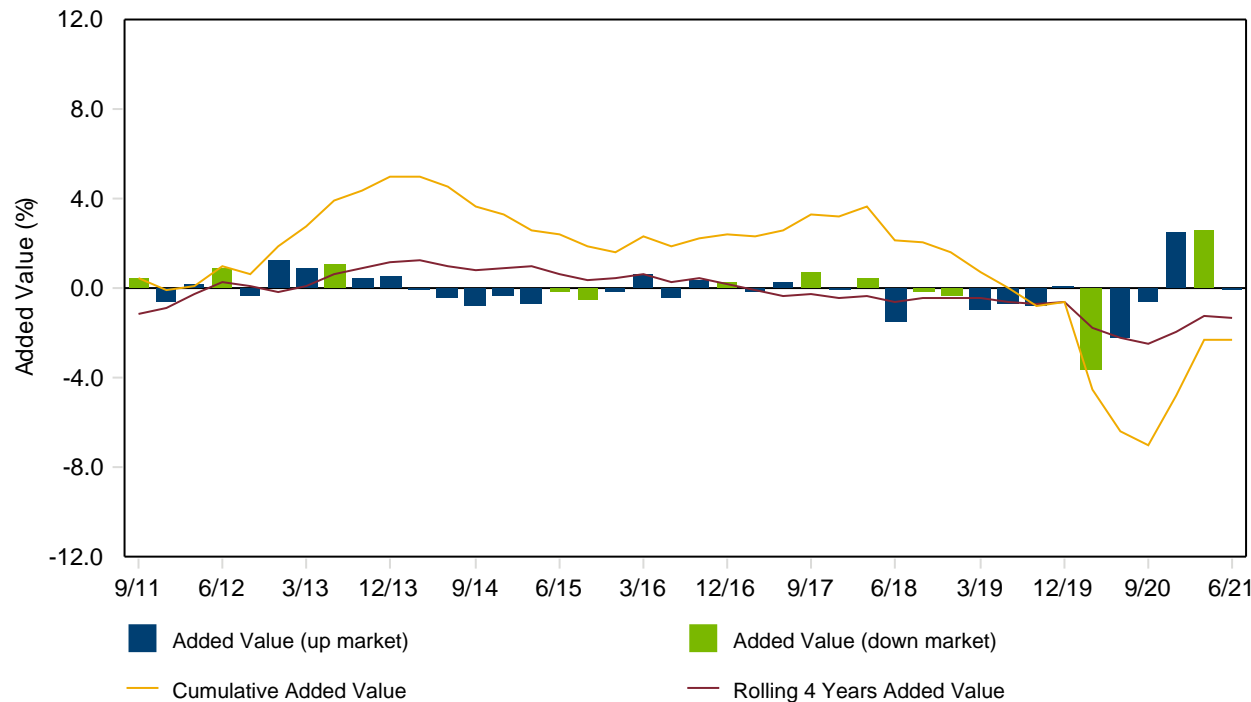
Total Fund Performance Summary

As of 30 June 2021

Return Summary



Added Value History (%)



Performance Statistics

	Quarters	%
Market Capture		
Up Markets	28	96.6
Down Markets	12	94.6
Batting Average		
Up Markets	28	35.7
Down Markets	12	58.3
Overall	40	42.5

* See Appendix A for benchmark components.

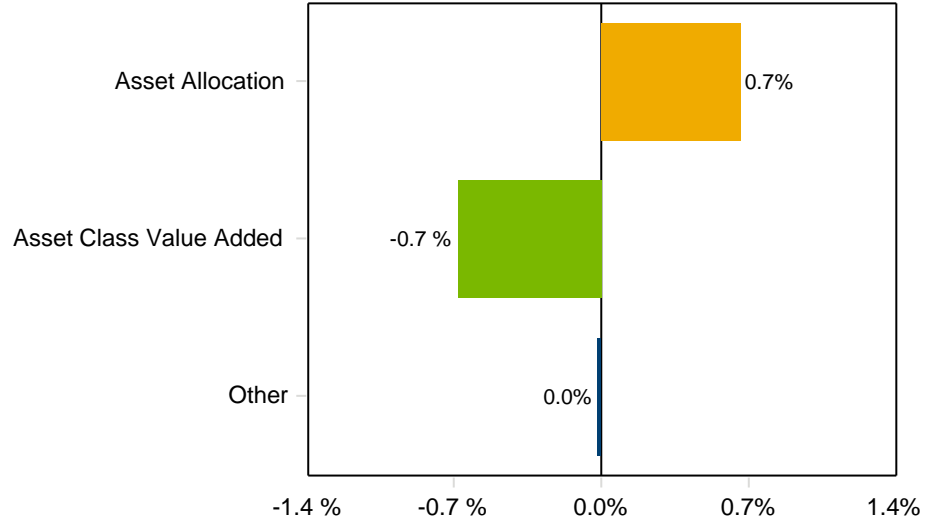
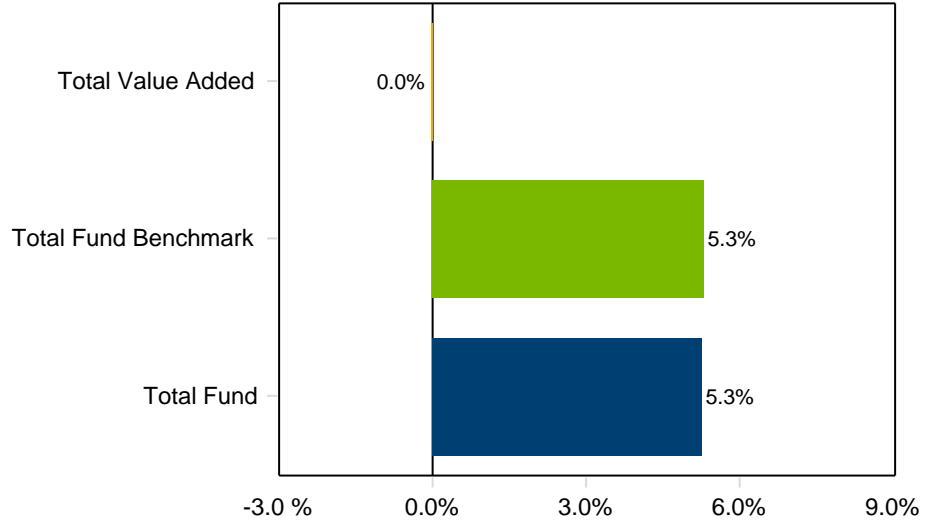
Total Fund

Total Fund Performance Attribution

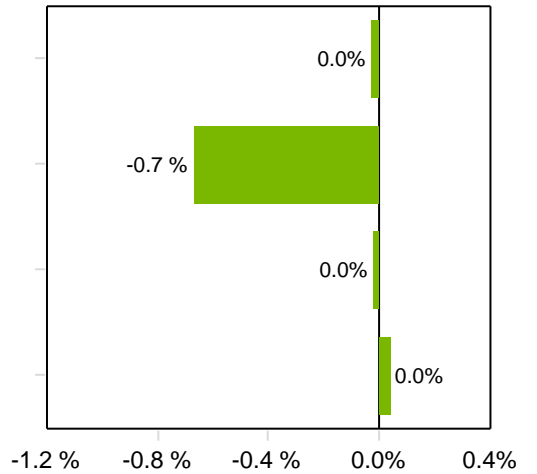
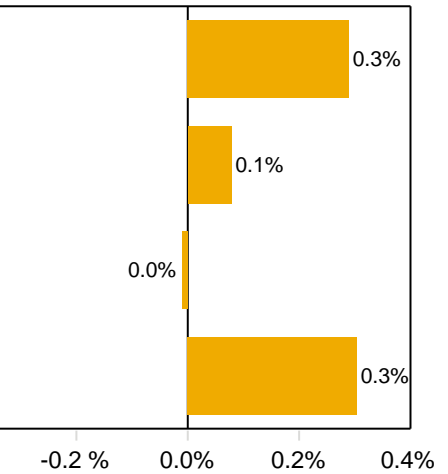
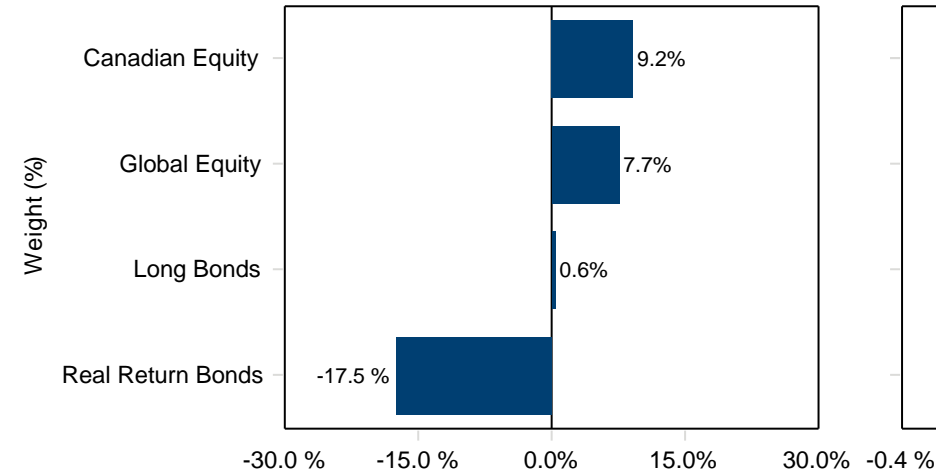
1 Quarter Ending 30 June 2021
Total Fund vs. Benchmark

Total Fund Performance

Total Value Added: 0.0%



1 Quarter Total Asset Allocation: 0.7% Total Asset Class Value Added: -0.7%



Active Weight

Asset Allocation Value Added

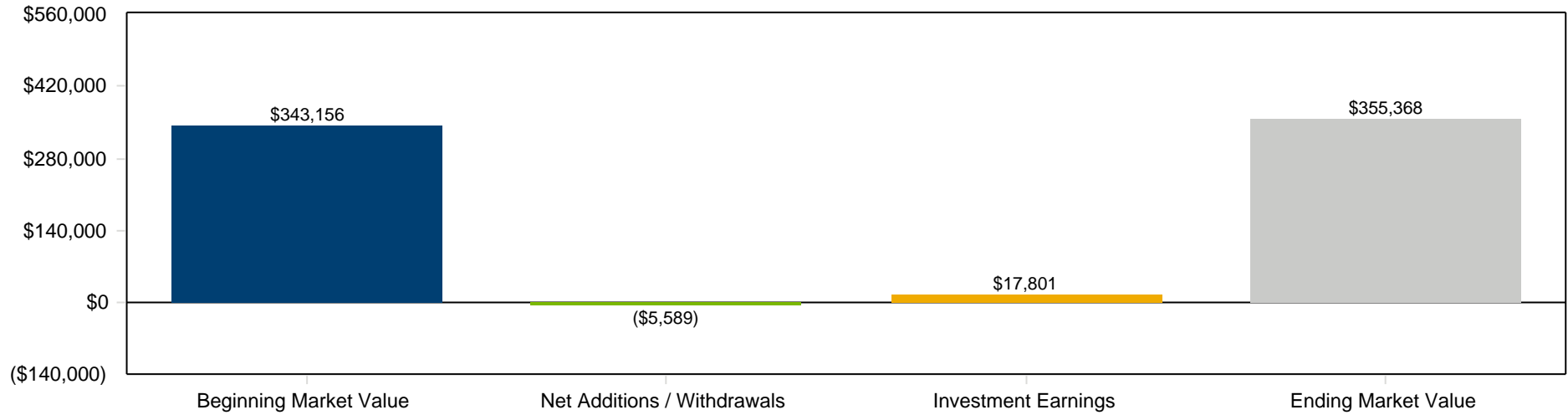
Asset Class Value Added

Total Fund

Total Fund Asset Summary

As of 30 June 2021

**Change in Market Value (\$000)
From 1 April 2021 to 30 June 2021**



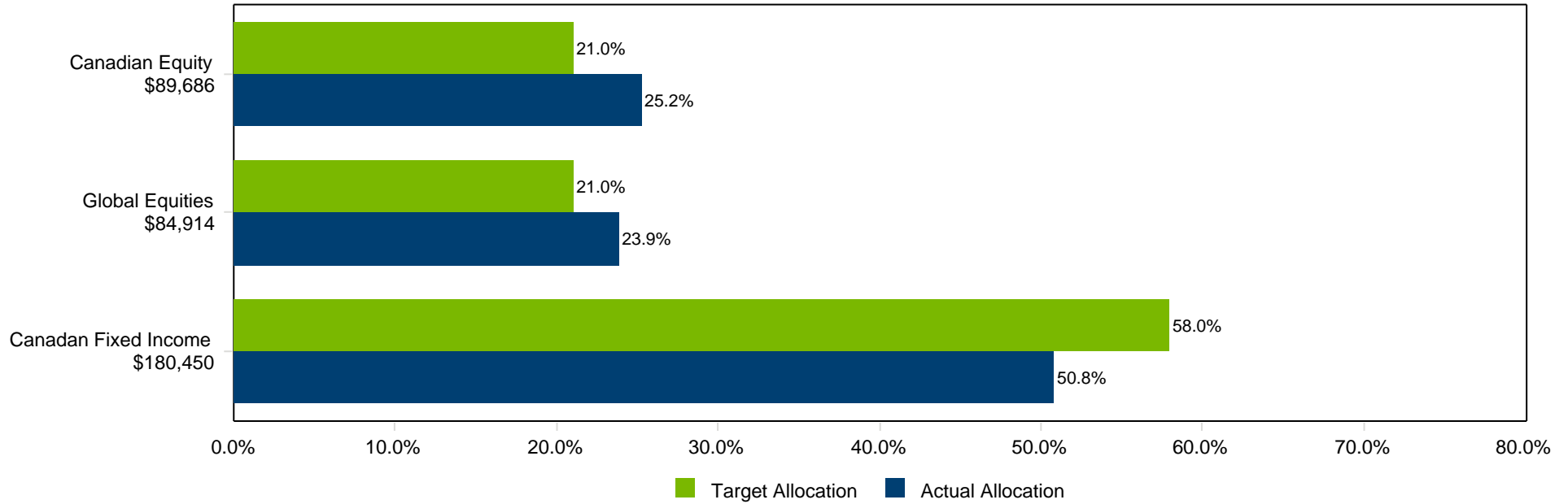
Summary of Cash Flows (\$000)

	1 Quarter	Year To Date	1 Year	4 Years
Total Fund				
Beginning Market Value	343,156	343,971	318,755	334,262
+/- Net Cash Flows	-5,589	-11,167	-21,768	-62,641
+/- Income	1,317	1,989	27,338	85,943
+/- Capital Gains / Losses	16,484	20,575	31,042	-2,196
= Ending Market Value	355,368	355,368	355,368	355,368

Total Fund

Asset Allocation Compliance

As of 30 June 2021 (\$000)



	Market Value (\$000)	Market Value (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)	Within Range
Total Fund	355,368	100.0	100.0	0.0			
Canadian Equity	89,686	25.2	21.0	4.2	16.0	26.0	Yes
Global Equities	84,914	23.9	21.0	2.9	16.0	26.0	Yes
Canadian Fixed Income	180,450	50.8	58.0	-7.2	48.0	68.0	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 July 2021 onwards	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	1 April 2018 to 30 September 2018
S&P/TSX Composite	21%	23%	27%	28%	30%	24%	26%	27%	28%	27%
MSCI World (C\$)	21%	22%	27%	28%	30%	25%	25%	26%	28%	26%
FTSE Canada Long Bond	19%	20%	23%	23%	25%	21%	21%	22%	23%	22%
FTSE Canada Real Return Bond	39%	35%	23%	21%	15%	31%	28%	25%	21%	25%
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

	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%	28%	30%	30%	30%	30%	25%
MSCI World (C\$)	27%	26%	28%	30%	30%	0%	0%	0%
MSCI World ex. Cda (C\$)	23%	0%	0%	0%	0%	15%	15%	18%
S&P 500 - hedged to C\$	23%	0%	0%	0%	0%	5%	8%	9%
MSCI EAFE - hedged to C\$	100%	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%
		100%	100%	100%	100%	100%	100%	100%

Appendix B - Manager Updates

Manager Updates

As of 30 June 2021

Aberdeen Standard Investments

Q2 2021

Business

There were no significant events during the quarter.

Staff

There were no significant events during the quarter.

GMO

Q2 2021

Business

There were no significant events.

Staff

Over the quarter, Colin Bekemeyer, Research Analyst, Usonian Japan Equity team and Jerry Yu, Investment Research Associate, Global Equity team, left the firm to pursue other opportunities.

Effective 4 May 2021, Andrea Muller joined the GMO Board of Directors. In conjunction with this addition, Myra Drucker retired from the Board.

Guardian Capital

Q2 2021

Business

There was no significant events.

Staff

The Canadian Fixed Income team added Ben Peng, Risk and Quantitative Analyst to their team. Ted Macklin, Managing Director, Canadian Equity was appointed to Head of Canadian Equity Team. Michele Robitaille, Managing Director, Canadian Equity has now assumed the role of Head of Responsible Investing. Adam Low, formerly Vice President, Equity Analyst, has now been appointed Portfolio Manager, Canadian Equity. Joel Hurren, formerly Equity Analyst – Canadian Equity, has now been appointed Associate Portfolio Manager, Canadian Equity

Manager Updates

As of 30 June 2021

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

Q2 2021

Business

There were no significant events.

Staff

Laila Danechi, Director, Investment Services, left LBA in Q2.

TD Asset Management ("TDAM")

Q2 2021

Business

TD Emerald 2020 Retirement Target Date Pooled Fund Trust merged into TD Emerald Retirement Income Pooled Fund Trust on June 4, 2021. Also on June 4, 2021, TD Emerald Core Canadian Equity Pooled Fund Trust merged into TD Greystone Canadian Equity Fund.

Staff

This quarter, Grant A.M. Stahl, Vice President and Director, Active Equity Portfolio Management, left the firm. Himanshu Sharma, CFS, MBA will take the lead role in managing US Equity Fund and the US Equity Income and Growth Fund. Terence Chung, Vice President and Michael Brown, CFA, Vice President will take co-lead manager role in the US Equity Fund and the US Equity Income and Growth Fund. Julien Palardy, M.Sc., Vice President & Director will be Managing Director of Quantitative Equities team effective on August 1, 2021. Furthermore, Jean Masson, Ph.D., Managing Director, also left the firm.

Appendix C - Disclosure

Statement of Disclosure

As of 30 June 2021

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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