

The City of Hamilton Master Trust Period Ending 31 December 2021

Performance Review and Investment Manager Evaluation

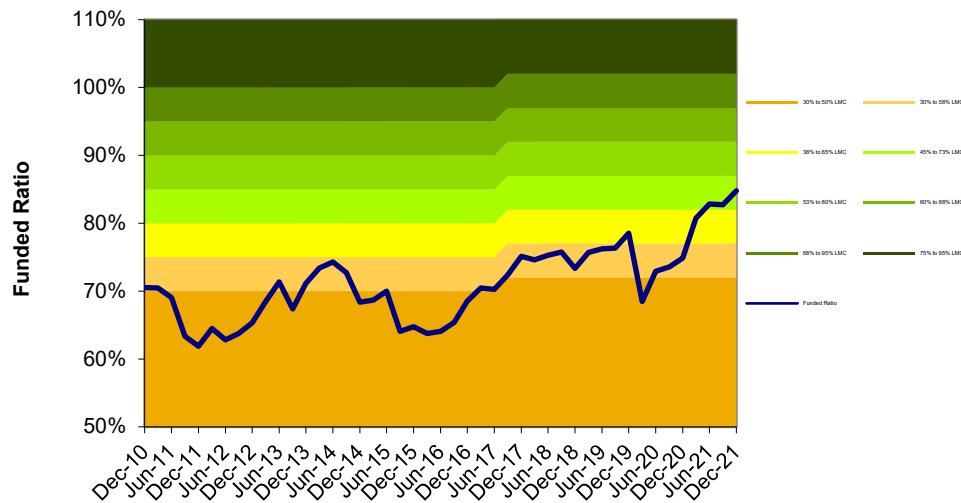
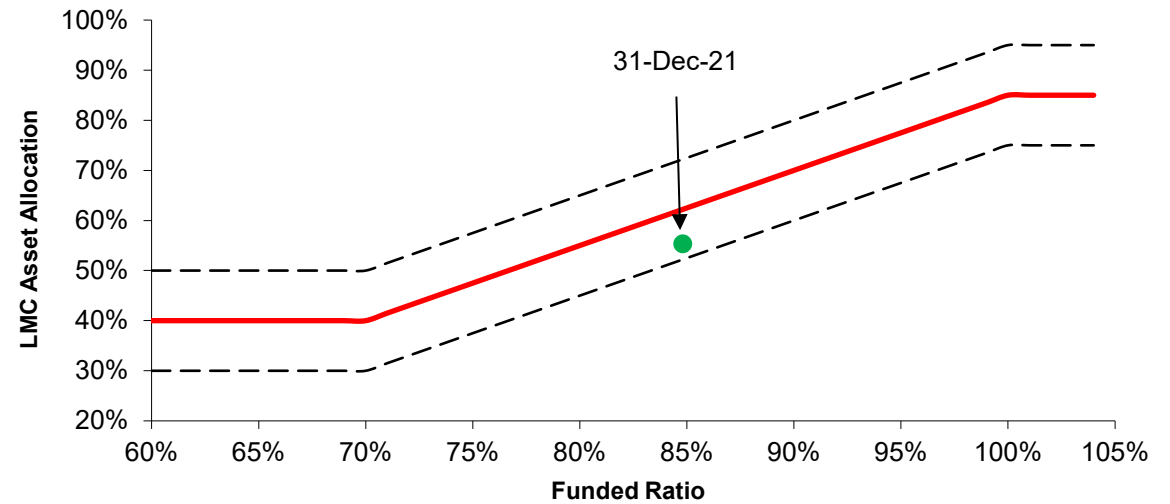
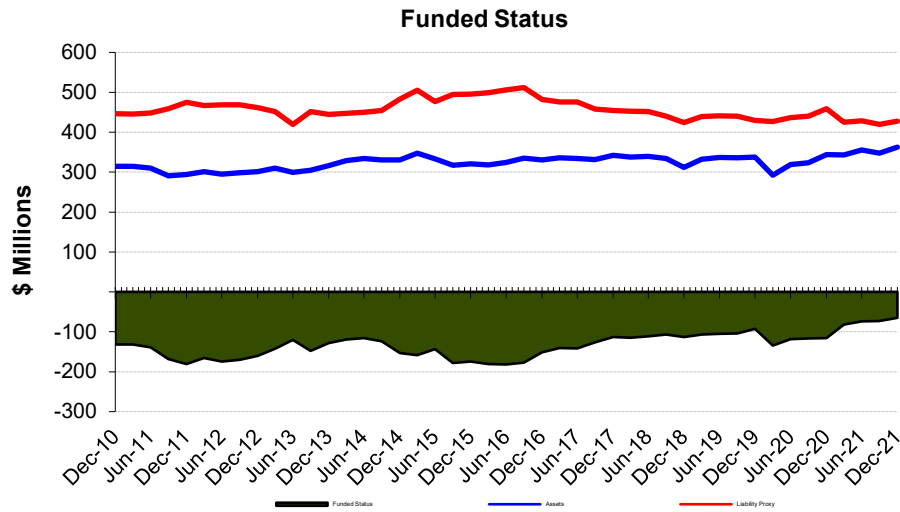
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Executive Summary

Quarterly Performance Report for the City of Hamilton
Funded Status and Glide Path Information for December 31, 2021



Snapshot (Wind-Up)

	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21
Market value of assets (\$ Millions)	\$343.2	\$355.4	\$347.3	\$362.7
Liability proxy (\$ Millions)	\$424.8	\$428.9	\$419.7	\$427.7
Funded status (\$ Millions)	(\$81.6)	(\$73.5)	(\$72.4)	(\$65.0)
Funded ratio	80.8%	82.9%	82.7%	84.8%
Current LMC Asset Allocation	38.2%	50.8%	51.5%	55.4%

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 December 31, 2021 is within the range determined acceptable for the current funded ratio (84.8%), the asset mix does not require rebalancing.

Executive Summary

Trailing Period Performance

As of 31 December 2021

	Allocation		Performance (%)						
	Market Value (\$000)	%	1 Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
Total Fund	362,686	100.0	6.0 (14)	12.6 (56)	10.6 (65)	11.7 (71)	7.5 (91)	7.9 (74)	8.6 (86)
Benchmark			6.5 (9)	10.9 (82)	12.2 (28)	13.6 (27)	9.3 (28)	9.2 (36)	9.0 (75)
Value Added			-0.5	1.7	-1.6	-1.9	-1.8	-1.3	-0.4
Canadian Equity	86,056	23.7	7.1 (44)	29.3 (29)	13.4 (80)	14.5 (85)	7.8 (82)	8.7 (78)	11.4 (19)
Guardian (including cash)	44,476	12.3	7.3 (36)	23.8 (90)	13.8 (77)	15.3 (76)	9.5 (61)	9.6 (57)	10.1 (59)
S&P/TSX Composite			6.5 (64)	25.1 (75)	14.9 (49)	17.5 (42)	10.3 (41)	10.0 (38)	9.1 (85)
Value Added			0.8	-1.3	-1.1	-2.2	-0.8	-0.4	1.0
Letko (including cash)	41,580	11.5	7.1 (40)	35.8 (7)	14.7 (56)	15.0 (82)	7.3 (86)	8.6 (81)	12.2 (7)
S&P/TSX Composite			6.5 (64)	25.1 (75)	14.9 (49)	17.5 (42)	10.3 (41)	10.0 (38)	9.1 (85)
Value Added			0.6	10.7	-0.2	-2.5	-3.0	-1.4	3.1
Global Equities	75,475	20.8	5.0 (62)	15.9 (68)	12.2 (69)	14.2 (69)	9.4 (70)	10.6 (69)	11.6 (94)
Aberdeen	19,033	5.2	8.8 (10)	21.1 (31)	18.0 (35)	18.2 (44)	12.6 (45)	13.5 (48)	12.3 (87)
MSCI World (Net)			7.9 (20)	21.0 (31)	17.4 (40)	18.7 (40)	13.5 (39)	13.7 (45)	15.2 (51)
Value Added			0.9	0.1	0.6	-0.5	-0.9	-0.2	-2.9
GMO	56,442	15.6	3.7 (75)	14.4 (77)	11.0 (74)	13.7 (71)	8.6 (76)	10.5 (70)	11.8 (93)
MSCI World (Net)			7.9 (20)	21.0 (31)	17.4 (40)	18.7 (40)	13.5 (39)	13.7 (45)	15.2 (51)
Value Added			-4.2	-6.6	-6.4	-5.0	-4.9	-3.2	-3.4

*GMO returns are reported net-of-fees.

Executive Summary

Trailing Period Performance

As of 31 December 2021

	Allocation		Performance (%)						
	Market Value (\$'000)	%	1 Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
Canadian Fixed Income	201,009	55.4	5.9	-0.9	5.6	7.3	5.3	5.0	4.3
TDAM Long Bonds	74,759	20.6	4.7	-4.2	3.7	6.7	5.0	5.4	-
FTSE Canada Long Term Overall Bond			4.8	-4.5	3.4	6.4	4.8	5.3	4.8
Value Added			-0.1	0.3	0.3	0.3	0.2	0.1	-
TDAM Real Return Bonds	126,101	34.8	6.6	1.9	7.4	7.7	5.7	4.6	-
FTSE Canada Real Return Bond			6.4	1.8	7.3	7.5	5.6	4.6	3.0
Value Added			0.2	0.1	0.1	0.2	0.1	0.0	-
TDAM Cash	201,009	55.4							
Operating Account	145	0.0							

*GMO returns are reported net-of-fees.

Executive Summary

Trailing Period Performance

As of 31 December 2021

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total Fund	12.6 (56)	8.7 (61)	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)
Benchmark	10.9 (82)	13.5 (6)	16.4 (34)	-2.6 (56)	8.6 (59)	8.4 (33)	4.3 (82)	13.9 (1)	9.7 (97)	8.4 (71)	0.4 (40)
Value Added	1.7	-4.8	-2.6	-1.6	0.9	0.9	-1.7	-1.9	3.3	2.1	0.1
Canadian Equities	29.3 (29)	-0.5 (78)	16.7 (90)	-10.0 (71)	12.3 (8)	24.1 (18)	-5.3 (49)	11.9 (41)	25.3 (16)	17.1 (2)	-9.1 (51)
Guardian (including cash)	23.8 (90)	4.5 (45)	18.5 (83)	-6.3 (13)	9.9 (31)	18.3 (59)	-4.0 (42)	13.0 (23)	13.8 (92)	13.7 (14)	-8.3 (46)
S&P/TSX Composite	25.1 (75)	5.6 (37)	22.9 (30)	-8.9 (52)	9.1 (52)	21.1 (35)	-8.3 (82)	10.6 (57)	13.0 (95)	7.2 (81)	-8.7 (49)
Value Added	-1.3	-1.1	-4.4	2.6	0.8	-2.8	4.3	2.4	0.8	6.5	0.4
Letko (including cash)	35.8 (7)	-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)
S&P/TSX Composite	25.1 (75)	5.6 (37)	22.9 (30)	-8.9 (52)	9.1 (52)	21.1 (35)	-8.3 (82)	10.6 (57)	13.0 (95)	7.2 (81)	-8.7 (49)
Value Added	10.7	-8.8	-7.3	-3.8	4.7	7.0	2.4	0.9	18.5	11.2	-0.4
Global Equities	15.9 (68)	8.6 (58)	18.3 (63)	-3.9 (71)	15.8 (52)	4.7 (35)	10.4 (92)	10.2 (82)	26.3 (92)	12.8 (69)	-0.1 (31)
Aberdeen	21.1 (31)	14.9 (41)	18.7 (61)	-2.8 (62)	17.1 (43)	5.4 (31)	5.3 (97)	10.5 (81)	21.3 (98)	14.0 (58)	2.0 (19)
MSCI World (Net)	21.0 (31)	13.9 (45)	21.4 (40)	-0.6 (41)	14.4 (65)	3.8 (44)	18.9 (54)	14.4 (46)	35.1 (55)	13.3 (64)	-3.2 (51)
Value Added	0.1	1.0	-2.7	-2.2	2.7	1.6	-13.6	-3.9	-13.8	0.7	5.2
GMO	14.4 (77)	7.7 (62)	19.5 (57)	-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)	21.0 (31)	13.9 (45)	21.4 (40)	-0.6 (41)	14.4 (65)	3.8 (44)	18.9 (54)	14.4 (46)	35.1 (55)	13.3 (64)	-3.2 (51)
Value Added	-6.6	-6.2	-1.9	-4.7	3.7	0.4	-6.0	-6.3	-6.0	-0.8	4.1
Canadian Fixed Income	-0.9	12.5	10.8	-0.3	3.8	3.0	3.1	14.8	-7.4	5.5	9.5
TDAM Long Bonds	-4.2 (75)	12.3 (54)	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	-4.5 (89)	11.9 (72)	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)
Value Added	0.3	0.4	0.3	-0.5	0.0	0.3	-0.4	-0.7	0.5	-	-
TDAM Real Return Bonds	1.9	13.2	8.4	-0.3	0.6	3.1	2.6	13.0	-11.5	-	-
FTSE Canada Real Return Bond	1.8	13.0	8.0	0.0	0.7	2.9	2.8	13.2	-13.1	2.9	18.3
Value Added	0.1	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 2021

	1 Quarter	YTD	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
Equity								
S&P/TSX Composite	6.5	25.1	25.1	14.9	17.5	10.3	10.0	9.1
S&P 500	10.7	27.6	27.6	21.8	22.8	17.9	17.1	19.1
S&P 500 (USD)	11.0	28.7	28.7	23.4	26.1	17.6	18.5	16.6
MSCI EAFE (Net)	2.4	10.3	10.3	8.1	10.6	6.2	8.2	10.4
MSCI World (Net)	7.9	21.0	21.0	17.4	18.7	13.5	13.7	15.2
MSCI ACWI (Net)	6.4	17.5	17.5	15.9	17.3	12.3	13.0	14.3
MSCI Emerging Markets (Net)	-1.6	-3.4	-3.4	6.0	8.1	4.1	8.6	7.8
Real Estate								
MSCI/REALPAC Canada Annual Property	3.0	7.9	7.9	1.9	3.5	4.5	5.0	7.0
MSCI/REALPAC Canada Quarterly Property Fund	5.0	15.4	15.4	7.7	8.1	8.2	8.1	8.4
Fixed Income								
FTSE Canada Universe Bond	1.5	-2.5	-2.5	2.9	4.2	3.5	3.3	3.3
FTSE Canada Long Term Overall Bond	4.8	-4.5	-4.5	3.4	6.4	4.8	5.3	4.8
FTSE Canada 91 Day TBill	0.0	0.2	0.2	0.5	0.9	1.0	0.9	0.9
Consumer Price Index								
Canadian CPI, unadjusted	0.8	4.8	4.8	2.7	2.6	2.4	2.3	1.8

Canadian Equities

The S&P/TSX Composite Index returned +6.5% in the fourth quarter of 2021. Sector performance was generally positive with nine of the eleven sectors producing positive returns. The best performing sectors were Materials (+10.7%) and Financials (+9.4%), while the worst performing sectors were Health Care (-18.3%) and Information Technology (-1.4%). Value stocks outperformed growth stocks during the quarter (+8.4% vs +5.7% respectively) and significantly outperformed in the past year (+36.5% vs. +14.3% respectively). The S&P/TSX Composite Index returned +25.1% over the last 12 months. Health Care (-19.6%) was the worst performer followed by Materials (+4.0%) and Utilities (+11.6%). Energy (+48.9%), Real Estate (+37.4%), and Financials (+36.5%) were the best performing sectors.

U.S. Equities

The S&P 500 Index produced a quarterly return of +10.7% in Canadian dollar terms. All sectors had positive returns apart from Communication Services (-0.3%). The best performing sectors were Real Estate (+17.2%), Information Technology (+16.3%) and Materials (+14.9%). During the past 12 months, the S&P 500 Index returned +27.6% in Canadian dollar terms. The best performing sectors were Energy (+53.3%) and Real Estate (+44.9%), while Utilities (+16.7%) and Consumer Staples (+17.6%) were the worst performers.

Non-North American Equities

The MSCI EAFE Index returned +2.4% in Canadian dollar terms for the fourth quarter. Returns were positive across most sectors, with eight of the eleven GICS sectors producing positive results. The best performing sectors were Utilities (+8.5%) and Materials (+5.6%) while Communication Services (-5.8%), Energy (-0.8%) and Real Estate (-0.8%) were the worst performers. During the past 12 months, the Index returned +10.3% in Canadian dollar terms. The worst performing sectors were Communication Services (-6.5%) and Utilities (-0.9%) while the best performers were Energy (+21.8%) and Information Technology (+19.9%).

Fixed Income

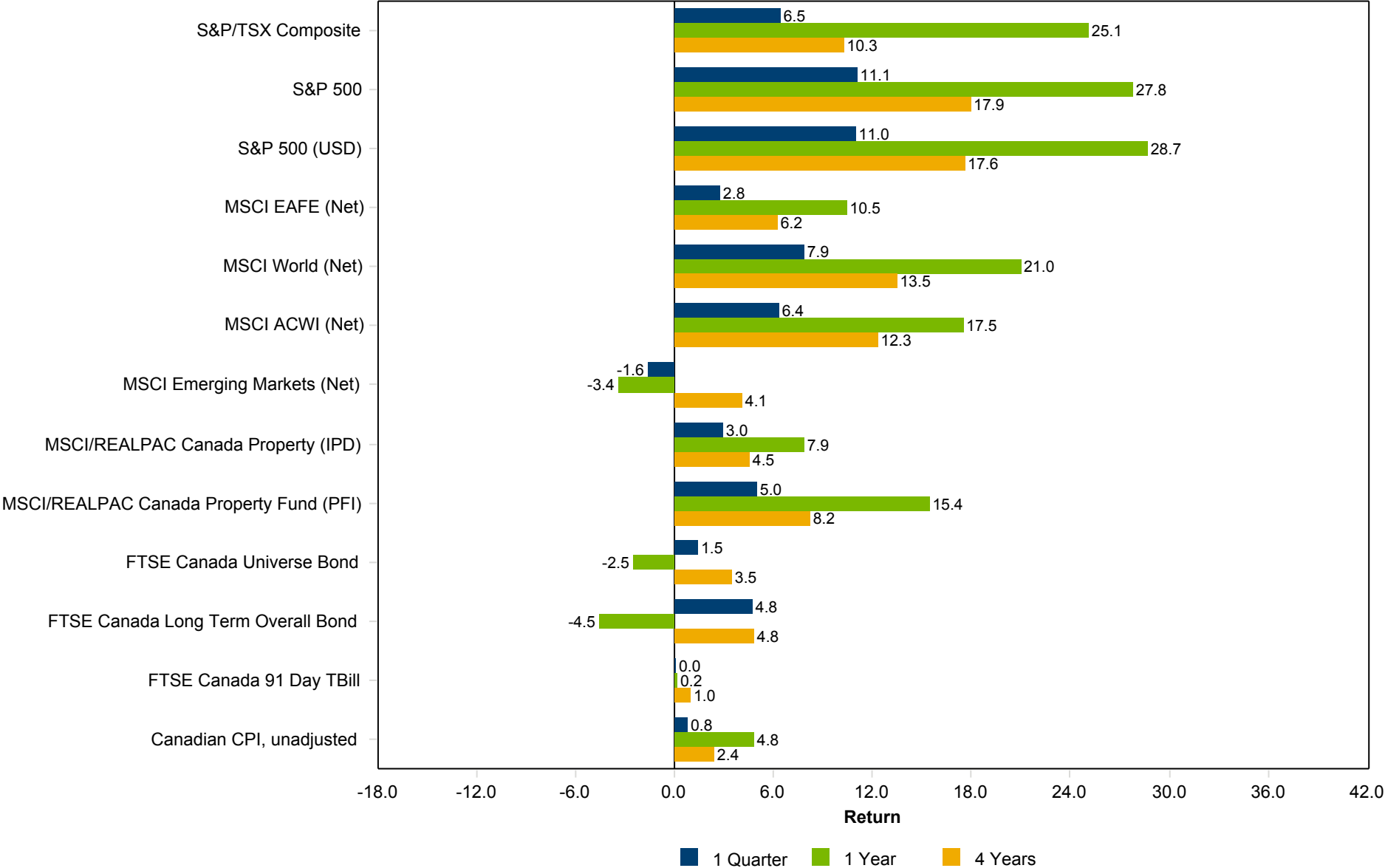
The Canadian bond market, as measured by the FTSE Canada Universe Bond Index, returned +1.5% over the quarter. Provincial bonds (+2.4%) outperformed Corporate bonds (+1.1%) and Federal bonds (+0.8%). From a term perspective, long duration bonds (+4.8%) outperformed medium duration bonds (+0.3%) and short duration bonds (-0.5%). During the past 12 months, the Index returned -2.5%. Bond market performance over the year was led by Corporate bonds (-1.3%) which outperformed Federal bonds (-2.6%) and Provincial bonds (-3.3%). Short duration bonds (-0.9%) outperformed medium duration bonds (-2.7%) and long duration bonds (-4.5%) 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 2021



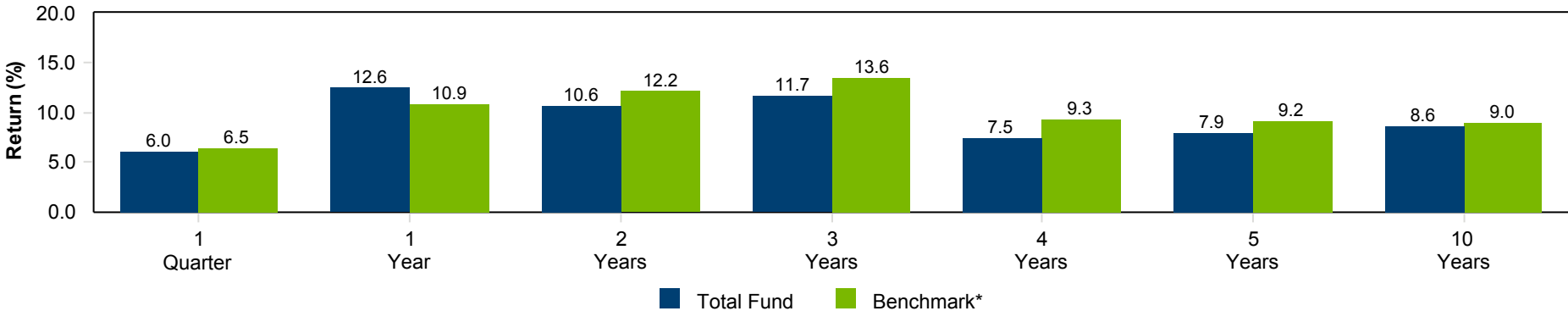
Total Fund Analysis

Total Fund

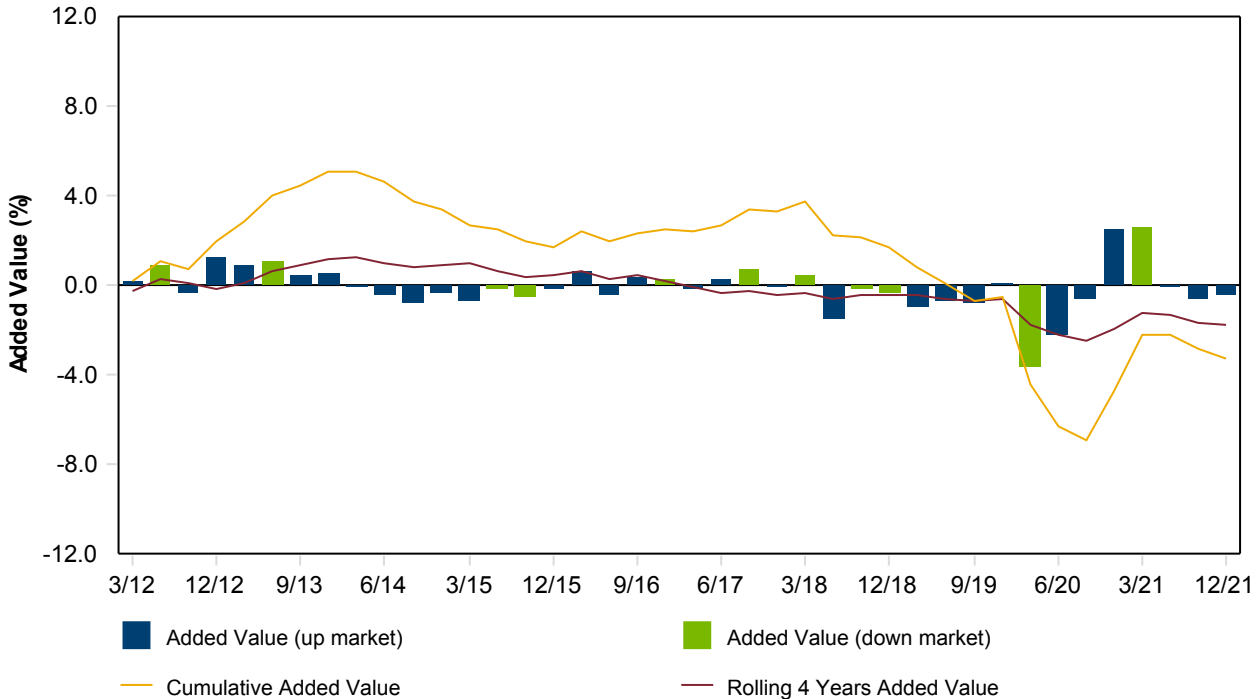
Total Fund Performance Summary

As of 31 December 2021

Return Summary



Added Value History (%)



Performance Statistics

	Quarters	%
Market Capture		
Up Markets	29	96.2
Down Markets	11	95.4
Batting Average		
Up Markets	29	34.5
Down Markets	11	54.5
Overall	40	40.0

* See Appendix A for benchmark components.

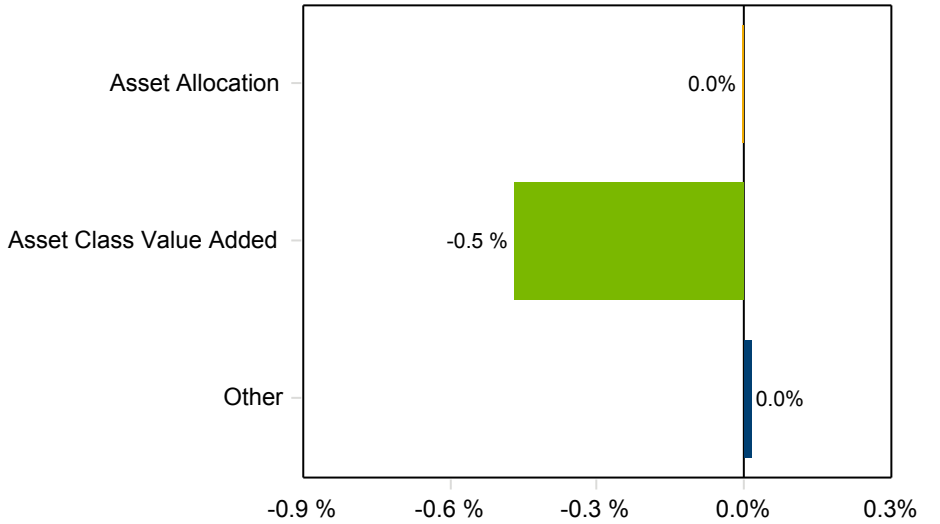
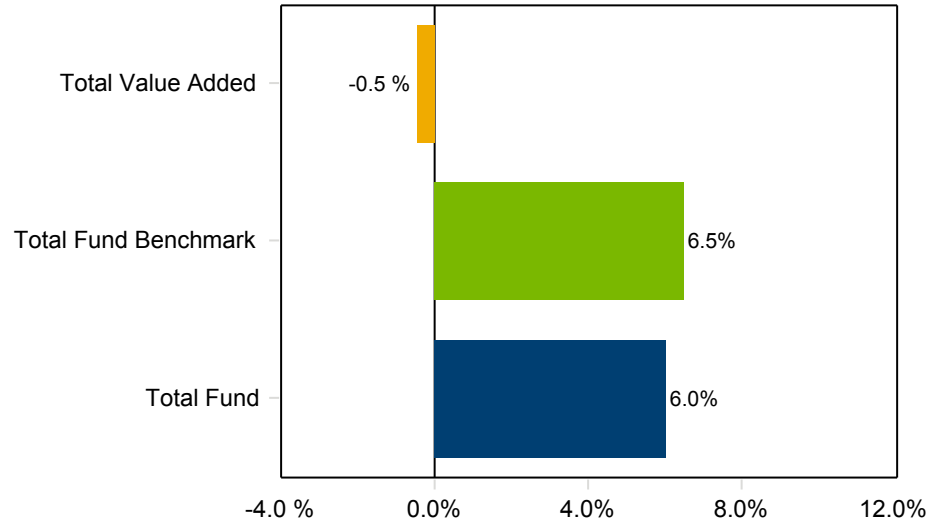


Total Fund

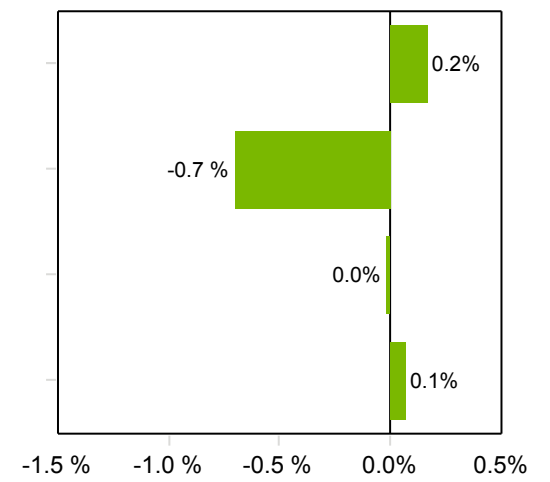
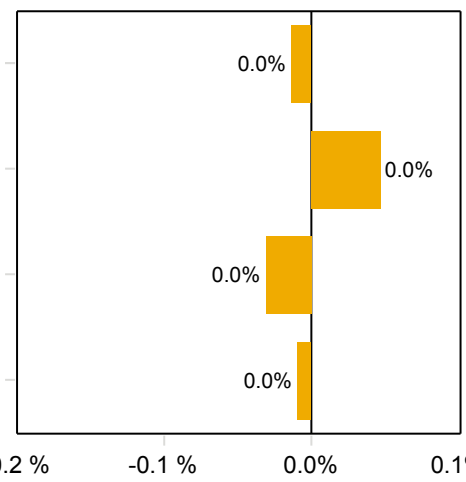
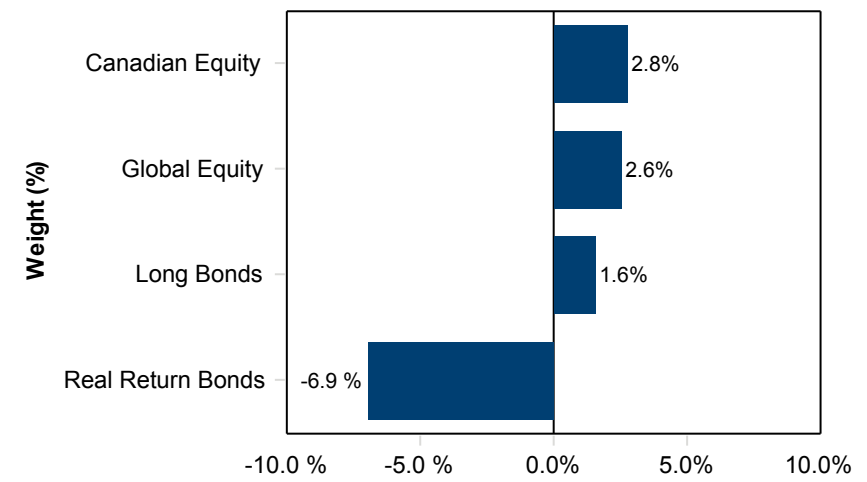
Total Fund Performance Attribution

1 Quarter Ending 31 December 2021
Total Fund vs. Benchmark

Total Fund Performance **Total Value Added: -0.5 %**



1 Quarter **Total Asset Allocation: 0.0%** **Total Asset Class Value Added: -0.5 %**



■ Active Weight ■ Asset Allocation Value Added ■ Asset Class Value Added

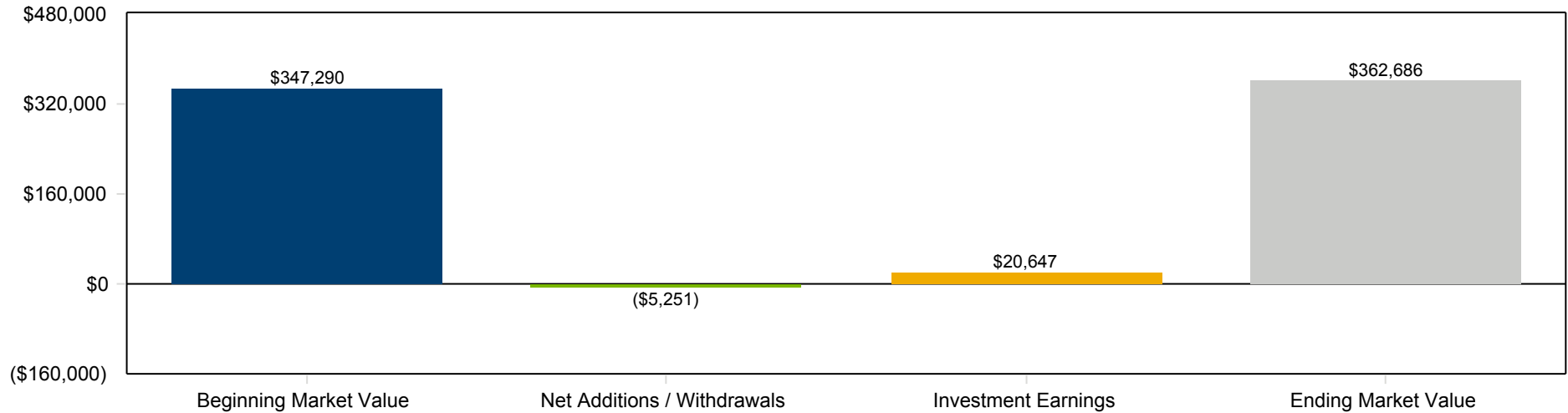


Total Fund

Total Fund Asset Summary

As of 31 December 2021

Change in Market Value (\$000)
From 1 October 2021 to 31 December 2021



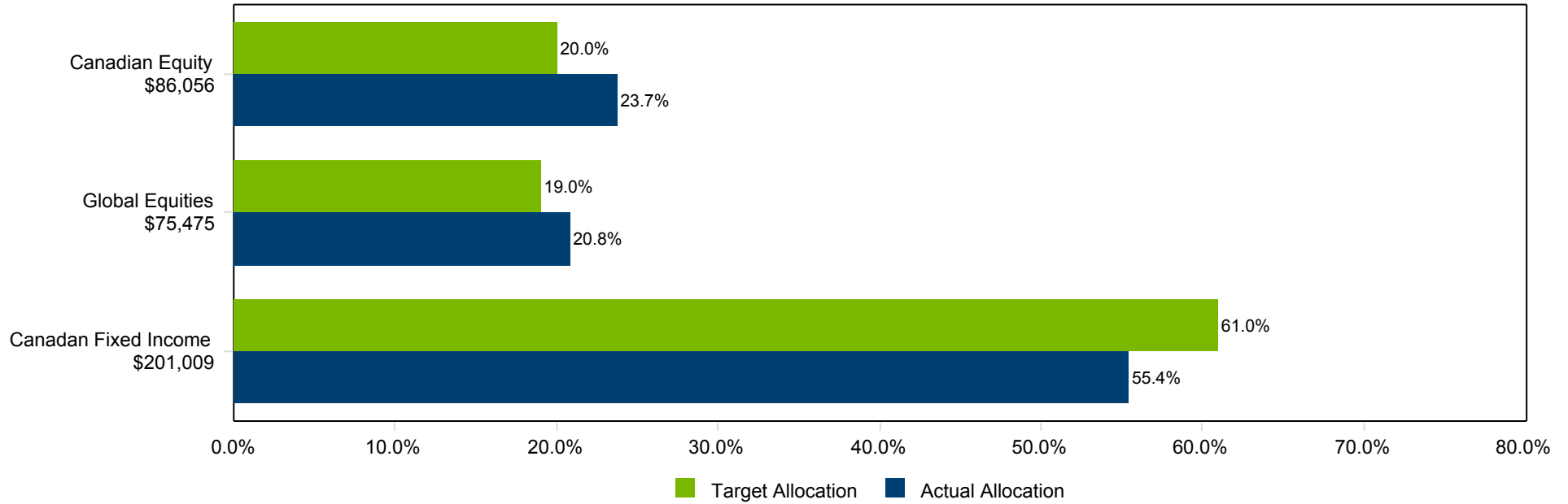
Summary of Cash Flows (\$000)

	1 Quarter	Year To Date	1 Year	4 Years
Total Fund				
Beginning Market Value	347,290	343,971	343,971	341,919
+/- Net Cash Flows	-5,251	-22,606	-22,606	-64,535
+/- Income	11,153	13,774	13,774	87,036
+/- Capital Gains / Losses	9,494	27,547	27,547	-1,734
= Ending Market Value	362,686	362,686	362,686	362,686

Total Fund

Asset Allocation Compliance

As of 31 December 2021 (\$000)



	Market Value (\$000)	Market Value (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)	Within Range
Total Fund	362,686	100.0	100.0	0.0			
Canadian Equity	86,056	23.7	20.0	3.7	15.0	25.0	Yes
Global Equities	75,475	20.8	19.0	1.8	14.0	24.0	Yes
Canadian Fixed Income	201,009	55.4	61.0	-5.6	51.0	71.0	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 October 2021 to 31 December 2021	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	20%	21%	23%	27%	28%	30%	24%	26%	27%	28%
MSCI World (C\$)	19%	21%	22%	27%	28%	30%	25%	25%	26%	28%
FTSE Canada Long Bond	18%	19%	20%	23%	23%	25%	21%	21%	22%	23%
FTSE Canada Real Return Bond	43%	39%	35%	23%	21%	15%	31%	28%	25%	21%
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

	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\$	100%	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

Manager Updates

As of 31 December 2021

Aberdeen Standard Investments

Q4 2021

Business

There were no significant events during the quarter.

Staff

The following staff changes occurred on the Executive Leadership Team over Q4 2021:

James Aird, Global Head of Strategic Partnerships, retired Dec 2021. David Mouille has been appointed James' successor.

Robert McKillop, Global Head of Product and Solutions, left the firm in October.

Caroline Connellan, CEO of Personal Wealth Business, joined in October.

GMO

Q4 2021

Business

GMO signed the Net Zero Asset Managers Initiative. The initiative was launched in December 2020 and is designed to enable asset managers to play a part in helping to deliver the goals of the Paris Agreement.

Staff

Over the quarter, Chris Heelan joined as Quantitative Research Analyst on the ESG Research Platform/Investment Oversight team.

In October 2021, Ed Thwaites, Trader, and Josh White, Portfolio Manager/Research Analyst, Global Equity team, left to pursue a new opportunity.

Manager Updates

Manager Updates

As of 31 December 2021

Guardian Capital

Q4 2021

Business

There was no significant events.

Staff

There was no significant events.

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

Q4 2021

Business

There were no significant events.

Staff

There were no significant events.

TD Asset Management ("TDAM")

Q4 2021

Business

TD *Emerald* Low Carbon/Low Volatility Global Equity Pooled Fund Trust was launched on October 29, 2021. TD *Emerald* Low Volatility Plus All World Equity Pooled Fund Trust was closed on December 2, 2021.

Staff

This quarter, Wilcox Chan, CFA, FRM, CAIA, Vice President & Director announced his retirement in October 2021 but effective in January 2022.

Kevin Holmes, Vice President became Vice President and Portfolio Manager, Quantitative Equity. Maria Bogusz, CFA, Associate transferred from TD Wealth's Portfolio Advice and Investment Research Team to Multi-Asset Portfolio Management Team.

Appendix C - Disclosure

Disclosure

Statement of Disclosure

As of 31 December 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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