



Fund of the Month: Investment Management Corporation of Ontario (IMCO)

Ontario is home to several world-class pension managers, including IMCO. The fund was established in 2016 to add value to public-sector clients of the Canadian province and is now the largest manager outside the "Maple 8". We caught up with Rossitsa Stoyanova, one of the few female CIOs of a Sovereign Investor, about IMCO's ambitions and about female leadership.



Rossitsa Stoyanova, IMCO's Chief Investment Officer

[GSWF] Does IMCO have pressure to perform and follow the trajectory of its peers?

[IMCO] The pressure to perform is always there, as expected by our clients. However, we are in a unique position as we are a new fund and can learn from our peers' best practices and mistakes. We provide asset allocation advice for our clients and access to asset classes that they could not do or be prohibitively expensive, to best-in-class global strategic partners, and to a very strong investment team. All in all, I think it is a great position to be in.

[GSWF] At inception, IMCO's aim was to add more plans beyond OPB and WSIB – what is the fund's ideal AuM size?

[IMCO] Indeed, we are onboarding some new clients and our intent is to increase the number of public sector plans. However, we already manage CAD 80 billion and that is enough scale for us to provide our clients with a great service. We could grow bigger but don't have to.

[GSWF] IMCO has been reducing its weight in hedge funds to the benefit of private equity – will this trend continue?

[IMCO] We are focused on increasing our weight and internalization of private markets, and that process takes a while. First, we invest in public markets and then we build up from there. Hedge funds continue to be an important asset for us, but weights will change over time.

[GSWF] Similarly, Canada is losing weight and is only 38% of your portfolio now. Where is your geographical focus now?

[IMCO] Our added value is that we target a global portfolio for our clients. We inherited a heavily Canadian portfolio, so the change is by design. We are diversifying outside of Canada and the US, especially in Europe and the UK, and have also looked at emerging markets.

[GSWF] How was year 2022 for IMCO? Do you maintain a long-term target return to get your plans to be fully funded?

[IMCO] I can't share the results as they are not public yet, but it was definitely a difficult year with the fall in stocks and bonds. We don't design our strategy based on funding status but on our depositors' risk appetites. Our clients have different asset allocation among each other, so comparing them is always difficult but we are working with each of them to achieve a very targeted solution to them.

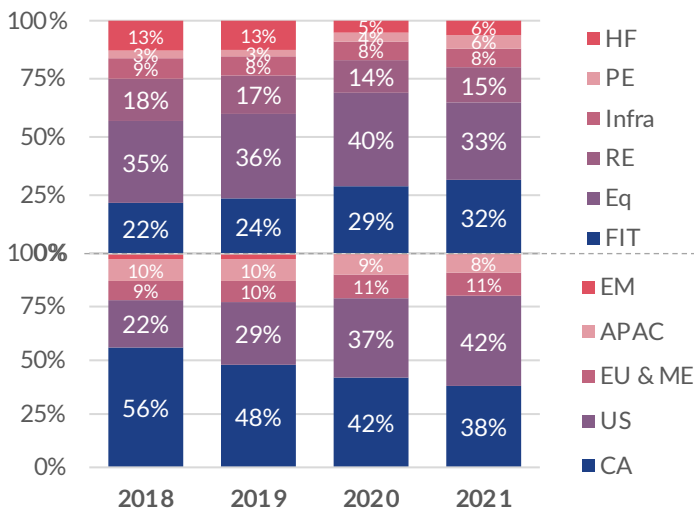
[GSWF] ESG is another key element of your strategy 2023-2027 – what are your actions and ambitions on sustainability?

[IMCO] We truly believe that Sustainability is very important for returns. Climate change and energy transition present risks and opportunities. So, we are very focused on it because we have to. We are still learning – as are most of our peers – and we do not have legacy portfolio in brown energy, so we are determined to build up a sustainable portfolio from scratch. We are signatory members of UNPRI since 2019, have committed to a net zero portfolio by 2050 and issued our "World View", which includes energy transition.

[GSWF] According to our data, half of IMCO's staff comes from other Canadian funds – is that a challenge?

[IMCO] I don't think that is a bad thing, and it speaks highly of IMCO's brand. Our staff are excited to build a new asset manager and an investor that can be flexible, nimbler, and more innovative. Our next five years' strategy includes the internalization of private markets, and we are trying to be innovative by investing between the lines, meaning in assets that may not fit within the traditional asset classes.

IMCO's Asset & Regional Allocation



Source: IMCO's Annual Reports, Global SWF analysis

[GSWF] Only 1 in 10 Sovereign Investors has a female CEO, and 1 in 20, a female CIO. What do you think it is needed in the industry to keep evolving in this matter?

[IMCO] I do not like these numbers, but I am not surprised by them, and they tell me that some of the selection processes may be biased. Everyone believes in diversification when it comes to investing, and I think it should be the same when building teams. When hiring investment people, it takes longer to hire women because people tend to hire profiles that are similar to them, but we need to invest the time and to seek skills and not only experiences.

[GSWF] What would be your advice to a young female professional starting at a Sovereign Investor today?

[IMCO] I would tell her not to be afraid of acquiring different skillsets and of pursuing a non-traditional career route map. My other advice would be not to stick to only female role models, but to keep an open mind when looking up to others.