

Western's Endowment

2016/2017 Annual Report

Investment Committee

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Director, Investments
Western University

Douglas Greaves, HBA'72
Vice-President, Pension Fund & Chief
Investment Officer
Canada Post

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Managing Partner
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James Knowles, BA'72, BSc'74, MBA'77
Vice-President Finance
Blackburn Radio Inc.

Rick Konrad, BA'75
Founder & Managing Partner
Value Architects Asset Management

Lynn Logan (Chair), EMBA'13
Associate Vice-President
(Finance & Facilities)
Western University

Douglas Porter, BA'82, MA'84
Chief Economist & Managing Director
BMO Financial Group

Lee Sienna, HBA'74
Vice-President, Long-Term Equities
Ontario Teachers' Pension Plan

David Stenason, BA'78
Managing Director
Rempart Asset Management

Degrees listed represent those granted
by Western University.

"Western's Investment Committee is comprised of dedicated Western alumni and staff who take their role of building Western's endowment very seriously. This year, the Committee is especially proud of the fact that Western's endowment has grown by nearly \$100 million (to \$678 million) over the prior year. Our returns were significant (15.5%, net of fees), and we are hopeful that performance above our target benchmarks will continue."

- **Lynn Logan**
Investment Committee Chair

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Be Extraordinary.
The Campaign for Western



Thanks to your generous support, Western is able to deliver the best student experience – inside and outside of the classroom. Western's endowment is composed of more than 2,000 individual funds, supported by tens of thousands of donors. Each fund is instrumental to Western's ability to plan for the long-term and manage the highs and lows of our rapidly changing economy.

Financial highlights: April 30, 2017

Fiscal 2017

\$678
million
Total Endowment

\$22
million
Expenditures

15.5%
Investment
Return

Total endowment designated by purpose

48%
Student
Awards

30%
Chairs and
Professorships

5%
Research

17%
Academic
Enrichment



Western

Investment management

Western's investments are managed by a diverse and talented group of alumni and staff who are committed to ensuring Western maximizes the support our students and faculty receive.

Western's Investment Committee establishes an investment policy consistent with its investment objectives and monitors portfolio performance against the objectives quarterly.

It appoints external fund managers, performance measurement services and independent investment consultants as needed.

The investment objective of the endowment portfolio is to generate a long-term return sufficient to meet the payout rate established by the Board of Governors to fund endowed chairs, scholarships and other University needs, and to maintain the purchasing power of donated capital.

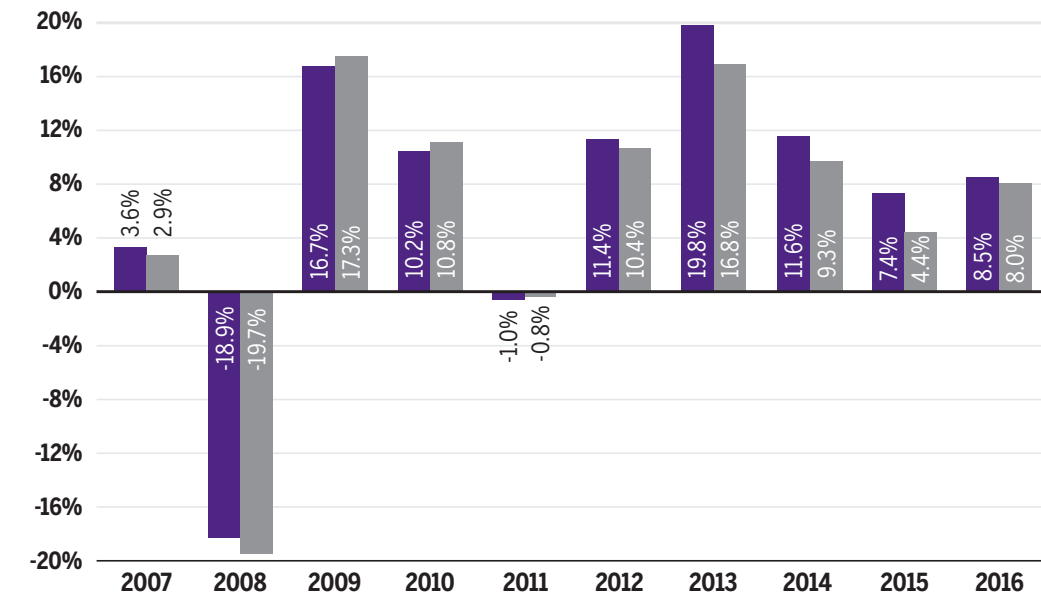
Asset allocation (at December 31, 2016)

The Investment Committee reviews the asset mix policy on an annual basis to maintain, over the long-term, the best balance between investment returns and an acceptable level of risk.

| Asset Class | Manager | Policy | Actual |
|------------------|--|---------------|---------------|
| Equities | Canadian Beutel Goodman & Company Ltd. CC&L Investment Management Mawer Investment Management | 20.0% | 20.4% |
| | U.S. State Street Global Advisors J.P. Morgan Asset Management | 20.0% | 21.4% |
| | Non-North American Franklin Templeton Institutional MFS Investment Management | 20.0% | 20.0% |
| | Private Adams Street Partners | 5.0% | 4.6% |
| Sub-total | | 65.0% | 66.4% |
| Fixed income | Core fixed income State Street Global Advisors | 10.0% | 10.2% |
| | Commercial mortgages Greystone Managed Investments | 5.0% | 4.4% |
| Sub-total | | 15.0% | 14.6% |
| Real assets | Real estate Bentall Kennedy IAM Real Estate Group | 5.0% | 4.0% |
| | Infrastructure First State Investments Hastings Funds Management Limited | 10.0% | 10.0% |
| Sub-total | | 15.0% | 14.0% |
| Diversifiers | Cash Fiera Capital | 0.0% | 2.6% |
| | Absolute return strategy Romspen Investment Corporation | 5.0% | 2.4% |
| Sub-total | | 5.0% | 5.0% |
| Total | | 100.0% | 100.0% |

Investment performance

Investment returns to December 31



| | Portfolio | *Benchmark |
|---------|-----------|------------|
| 5 year | 11.7% | 9.6% |
| 10 year | 6.4% | 5.4% |

* Benchmark is a weighted factor of asset class policy weights and market index returns. It represents a passive investment alternative.

Investment payout rates and timing

The total return earned by the endowment portfolio net of investment management costs is allocated proportionately to the capital of each endowment fund at April 30 each year. For the period May 1, 2016 to April 30, 2017, the investment return, net of investment management costs of approximately 0.65 per cent, was 15.5 per cent.

Balances in the expendable account are credited with interest income based on the 30-day Canada T-Bill rate, net of costs.

An amount equal to 4.0 per cent of the ending capital balances averaged over the five most recent years is allocated for expenditure each year. The five-year average is used to smooth the effect of market fluctuations. The allocation for expenditure is reflected as a transfer from the capital account to the expendable account on your fund report.



“Beyond the financial strains this award has helped to relieve, it is also very motivating. I often doubt my own abilities, or tell myself that my dreams are too unrealistic or challenging to be fulfilled. This award is the first tangible thing I have ever received that helps to quiet those doubts. I hope to do it justice.”

Jacqueline Kueper

Carol Buck Graduate Scholarship in Epidemiology Recipient