

# Western's Endowment

## 2018/2019 Annual Report



Endowed gifts have an impact beyond today. They provide a permanent source of funding to fuel the groundbreaking discoveries and scholarship taking place at Western now, and in the future. During the past decade, the University's endowment has experienced significant growth and its value is now more than \$803 million. Our priority is to ensure these funds are invested wisely to maximize the support our students, faculty and researchers receive from Western's endowment. Thank you for your generous contribution that will help to ensure a successful future for generations to come.

### Financial highlights: April 30, 2019

#### Fiscal 2019

<b>\$803</b> million Total Endowment	<b>\$25</b> million Expenditures	<b>6.5%</b> Investment Return
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#### Total endowment designated by purpose

<b>45%</b> Student Awards	<b>31%</b> Chairs and Professorships	<b>5%</b> Research	<b>19%</b> Academic Enrichment
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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. The 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.

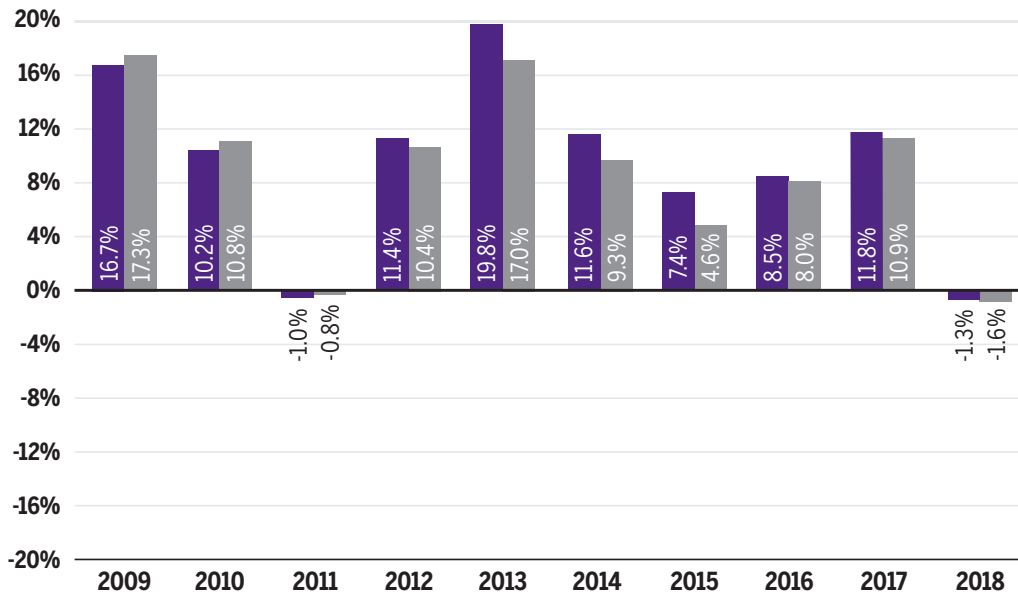
## Asset allocation (at December 31, 2018)

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%	17.7%
	U.S.	State Street Global Advisors J.P. Morgan Asset Management	20.0%	14.9%
	Non-North American	Franklin Templeton Institutional MFS Investment Management	20.0%	21.0%
	Private	Adams Street Partners	5.0%	7.3%
		<b>Sub-total</b>	<b>65.0%</b>	<b>60.9%</b>
Fixed income	Core fixed income	State Street Global Advisors	10.0%	9.8%
	Commercial mortgages	TD Greystone Asset Management	5.0%	5.5%
		<b>Sub-total</b>	<b>15.0%</b>	<b>15.3%</b>
Real assets	Real estate	Bentall Kennedy IAM Real Estate Group	5.0%	5.3%
	Infrastructure	First State Investments Morrison & Co.	10.0%	11.0%
		<b>Sub-total</b>	<b>15.0%</b>	<b>16.3%</b>
Diversifiers	Cash / Short Term Bonds	Fiera Capital	0.0%	5.0%
	Absolute return strategy	Romspen Investment Corporation	5.0%	3.4%
		<b>Sub-total</b>	<b>5.0%</b>	<b>8.4%</b>
Dynamic Currency Hedging	–	State Street Global Advisors	<b>0.0%</b>	<b>-0.9%</b>
		<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

# Investment performance

## Investment returns to December 31, 2018



### Annualized Returns

	Portfolio	*Benchmark
5 year	7.5%	6.1%
10 year	9.3%	8.4%

\* 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, 2018 to April 30, 2019, the investment return, net of investment management costs of approximately 0.67 per cent, was 6.5 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.

“Coming from a single-parent household, as one of two sons going through medical school, this gift means everything. It relieves a lot of the financial stress on me and my family, and the relief of that stress is an unparalleled kind of mental and psychological freedom. Thank you so very much, you have no idea how much of an impact this has on me.”

**Mo Malik, MD'22**

*Bill and Kathy Kostuk Accessibility Award Recipient for 2018-19*



“ Western’s Investment Committee works diligently to ensure our endowment yields sufficient returns to not only provide an annual stable amount for spending, but also to preserve the capital so future generations may benefit in the same manner as today’s. Despite a tumultuous year in the world markets, we are proud to have grown Western’s endowment to \$803 million, an increase of \$57 million from last year, and to have seen an annualized return of 9.3% over the last 10 years.”

**Lynn Logan**, CPA, CA, EMBA  
*Investment Committee Chair*

## Investment Committee

**Martin Bélanger**  
Director, Investments  
*Western University*

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

**Rosamond Ivey**, HBA'82, LLD'18  
Managing Partner  
*JRS Group*

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

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

**Eric Mallory**, BA'05, HBA'07  
Co-Associate Vice-President Financial Services  
*Western University*

**Jeff Parr**, BA'82  
Vice Chairman and Managing Director  
*Clairvest Group Inc.*

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

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

**David Stenason**, BA'78  
Managing Director  
*Rempart Asset Management*

Degrees listed represent those granted by Western University.

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