



TRUST AND ENDOWMENT REPORT  
2012-13



# TRUST AND ENDOWMENT REPORT

2012-13

The University's Trust & Endowment consists of endowed or expendable gifts that are generally restricted by the donor for a specific purpose. An *endowed gift* is one in which the donor specifies that the gift principal is to be invested in perpetuity and only the investment income earned can be spent on the specified purpose. An *expendable gift* is one where the donor indicates that both the gift principal and any investment income earned on the gift may be spent.

The Board of Governors has established a spending policy for endowed gifts which is designed to ensure a steady and consistent stream of income for expenditures, even if an account's principal fluctuates from year to year. In any year in which investment returns exceed the return required to support the level of endowment spending permitted under the spending policy, the excess return is allocated to a timing reserve. The timing reserve is utilized to support spending in those years when actual returns are less than the long term target. In this way, the University is able to maintain stable spending rates despite year to year fluctuations in actual returns within normal market cycles.



**TOP:**  
Grant Virgin,  
a graduate student in forestry  
from Ottawa, ON

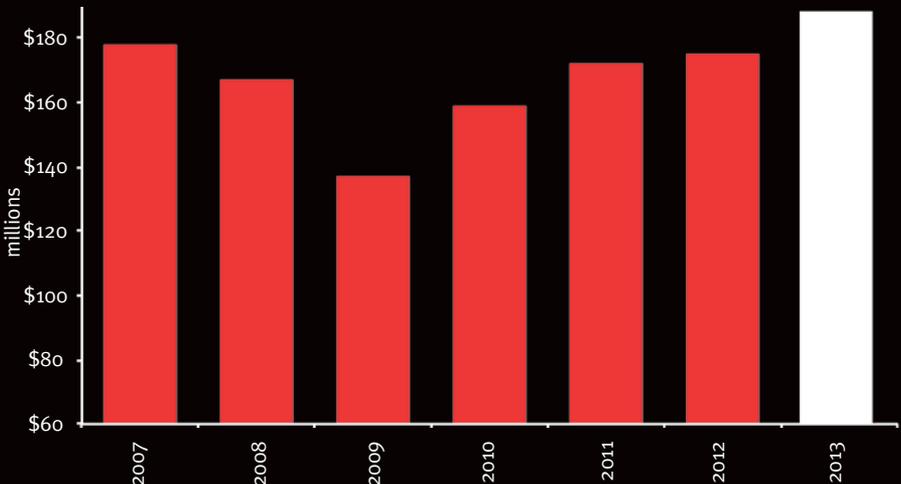
**MIDDLE:**  
Rebecca Agnew,  
a fourth-year nursing student  
from Quispamsis, NB

**BOTTOM:**  
James Kitchen,  
BA '13, a first-year law student  
from Fredericton, NB

The Long-Term Investment Fund for the Trust & Endowment accounts had a return of 9.52% for the year ended April 30, 2013, exceeding the policy benchmark by 93 basis points. This followed returns of 0.88% for the year ended April 30, 2012 and 10.02% for the year ended April 30, 2011.

Overall performance in 2013 was mainly driven by strong returns in global equities. The Fund's global equity allocation earned 18.18%, trailing the MSCI World Index (Cad) by 74 basis points in a strong market as the Fund's global equity managers were defensively positioned. Canadian Equities returned 5.60% compared to the S&P/TSX Composite Index return of 4.53%, and Canadian Bonds returned 5.69%, compared to the DEX Universe Index of 5.60%. The excess return over the benchmark index return for these asset classes represents value added by the respective managers through active management of the portfolio.

## Principal 2007 - 2013 (As of April 2013)





Dulanga Ranasinghe,  
a second-year  
biology-chemistry major  
from Miramichi, NB



Greg Bailey,  
a fourth-year chemical  
engineering student  
from Gander, NL



Melissa Leighton,  
BBA '13  
from Oak Haven, NB

*Your investment in UNB is a commitment to creating greater opportunity for students' success. Thank you.*

The severe downturn in world financial markets in 2008 had a significant impact on North American university endowments and long-term trust funds. UNB's Fund lost 16.3% in the 12-months ended April 30, 2009. Many organizations with endowments were faced with similar sudden dramatic declines in asset values and were unable to support continued consistent levels of spending during these times.

In these circumstances, UNB took extraordinary measures to preserve and protect the endowment accounts while maintaining a strategic level of spending on scholarships and bursaries. UNB's approach was specific to the financial condition of each individual account. As a result of this approach, UNB has been able to maintain the level of spending on scholarships and bursaries through this period of significant market volatility.

---

*The assistance of donors has allowed me to focus on my studies without worrying about financial matters. This is a huge relief for my family and me and I'm very grateful for it.*

Dulanga Ranasinghe,  
a second-year biology-chemistry major  
from Miramichi, NB

Since 2008 expectations for investment earnings have been lowered as interest rates have fallen dramatically and financial markets continue to be erratic. As a result of these conditions, expectations for annual spending have also been lowered.

UNB has taken a prudent, fiscally responsible approach to endowment spending, making incremental changes to the spending rate to ensure that the rate is sustainable while remaining competitive with other Canadian universities. The spending rate, which was 4.25% in 2012-13, has been reduced to 4.0% in 2013-14.

## UNB INVESTMENT ADVISORS

Fidelity Investments Canada Ltd.

Hexavest Inc.

PH&N Investment Services

Scheer, Rowlett & Associates Investment Management Ltd.

SEAMARK Asset Management Ltd.

Sprucegrove Investment Management Ltd.

### Changes in Trust & Endowment Balance - 2012/13 (Market Value)

	(\$ 000's)
Balance April 30, 2013	189,032
Balance April 30, 2012	175,138
Net Increase During the Year	\$ 13,894
<b>Increase Due to:</b>	
Donations and Other Additions to Capital	11,295
Investment Income	16,512
Transfers from Central Endowment Priority Trust Fund	199
Spending	(14,112)
	\$ 13,894



*Donors have really fueled my great university experience. Your support means that I don't have to work unreasonably long hours at my job outside of school to try and pay for my education. It also means that I have more time to study and the funding motivates me to keep my GPA up. Donors are also the reason why I came to Tasmania on my study abroad term (where I am typing this from). I never would have gotten here if it weren't for them, and the time that I've spent here has already been the best time of my life. Thank you so much!*

Bethany Reinhart,  
a fourth-year science student  
from Quispamsis, NB



## CONTACT US

Development & Donor Relations  
University of New Brunswick

P.O. Box 4400  
Fredericton, NB E3B 5A3

P.O. Box 5050  
Saint John, NB E2L 4L5

For more information, please visit [www.unb.ca/donations](http://www.unb.ca/donations)  
email: [donation@unb.ca](mailto:donation@unb.ca) or call: 506-453-5053.