

TRUST & ENDOWMENT REPORT

2016-17

it begins here



THE CAMPAIGN FOR THE
UNIVERSITY OF NEW BRUNSWICK



THE UNIVERSITY'S TRUST & ENDOWMENT FUND

consists of endowed or expendable gifts that are generally restricted by the donor for specific purposes. **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.**

"Through support for scholarships, you are providing me and other students with the opportunity to focus first and foremost on our studies, which is an enormous contribution to our academic and personal success."

GISÈLE RUDDERHAM
FIFTH YEAR GEOLOGICAL
ENGINEERING STUDENT, FRASER-
HRUCZKOWSKI SCHOLARSHIP AND
ROBERT QUARTERMAIN GEOLOGY
SCHOLARSHIP

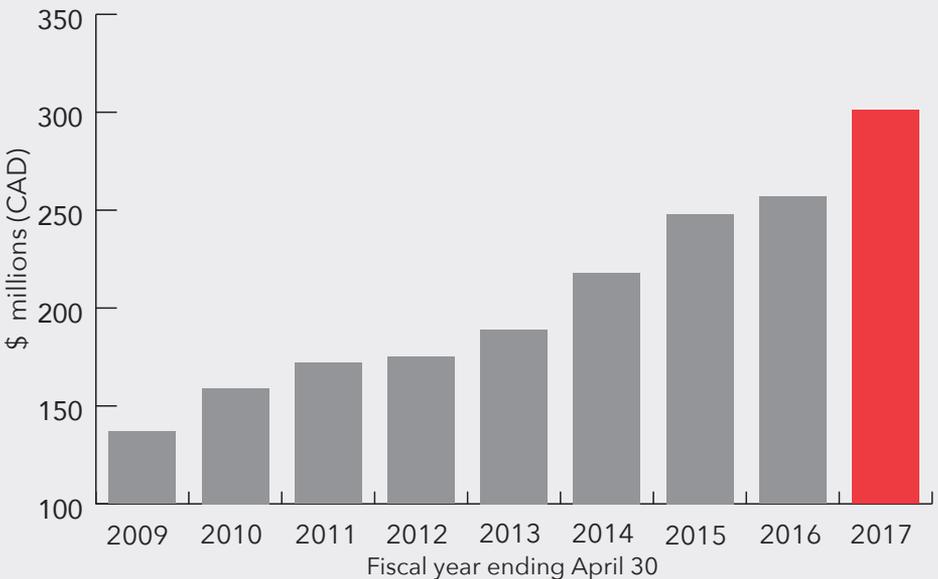
The Board of Governors has established a spending policy for endowed gifts which is designed to ensure a steady and consistent stream of income for expenditures, even if an account's principal fluctuates from year to year. In any year in which investment returns exceed the return required to support 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.

The Long-Term Investment Fund for the Trust & Endowment accounts had a positive return of 16.04% for the year ended April 30, 2017, a period in which the policy benchmark return was 14.02%. This followed returns of 1.91% for the year ended April 30, 2016 and 11.10% for the year ended April 30, 2015.

2016-17 was a period of strong performance across most capital markets. Global equities, as measured by the MSCI World Index, returned 24.85% in Canadian dollars. Canadian equities, as measured by the S&P/TSX Composite Index, returned 14.92%. Canadian bonds, as measured by the FTSE TMX Canada Universe Bond Index, returned 3.05%. The Funds' external investment managers' goal is to outperform the respective benchmark indices through active management of the portfolio. In 2016-17, the Fund's fixed income manager earned 5.60%, outperforming the benchmark by 2.55%. Canadian equity managers collectively outperformed the benchmark by 1.62%, while global equity managers collectively slightly

PRINCIPAL GROWTH 2009-2017

As of April 30, 2017



"I would not be able to do everything that I do and give back to the community if I did not have that financial aid to help me pay for school."

JARRED CRAWFORD
FOURTH YEAR SCIENCE AND
HEALTH SCIENCES STUDENT,
DR. COLIN B. MACKAY
SCHOLARSHIP AND
CANADIAN COUNCIL
FOR PUBLIC AFFAIRS
ADVANCEMENT (CPAA)
SCHOLARSHIP



trailed the benchmark in a very strong global equity market. The overall result was that the Fund outperformed the composite policy benchmark by 2.02% for the one-year period.

Since the 2008 financial crisis, forecasters have generally lowered expectations for investment earnings and are predicting continuing high levels of market volatility. As a result of these conditions, many Canadian universities have lowered expectations for annual endowment spending. 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, was reduced to 4.0% in 2013-14. The 2016-17 annual review of the endowment spending policy confirmed a 4% spending rate for 2017-18.

A comprehensive review of the Fund’s policy asset allocation was completed in 2016-17. The review resulted in a number of changes in the Fund’s policy asset mix, including an allocation to two new asset classes, Emerging Market equity and Canadian Real Estate. The new policy asset allocation was approved by the Board of Governors in October 2016. The new policy asset allocation is expected to be fully implemented in 2017-18.

UNB INVESTMENT MANAGERS

- Fidelity Investments
- Fiera
- Hexavest Inc.
- JP Morgan
- Phillips, Hager & North (PH&N)
- Seamark
- Sprucegrove Investment Partners Ltd.
- Vestcor

CHANGES IN TRUST AND ENDOWMENT

Balance - 2016/17
(Market Value)

	(\$ 000's)
Balance April 30, 2017	301,940
Balance April 30, 2016	257,280
Net Increase During the Year	<u>\$ 44,660</u>
Increase Due to:	
Donations and Other Additions to Capital	16,347
Investment Income	42,483
Central Endowment Priority Trust Fund Transfer	217
Spending	<u>(14,387)</u>
	<u>\$ 44,660</u>



"I'm glad I chose to attend UNB. Its athletics programs and academic coursework are a good fit for me, and the scholarships I have received have helped me focus on my studies and bring my best to the team."

JAVON MASTERS
FOURTH YEAR ARTS STUDENT,
MOMBOUROUETTE FAMILY BASKETBALL
AWARD AND HAZLETT BASKETBALL
SCHOLARSHIP

UNIVERSITY OF NEW BRUNSWICK DEVELOPMENT AND DONOR RELATIONS

P.O. Box 4400
13 Bailey Drive
Alumni Memorial Building
Lower Level
Fredericton, NB E3B 5A3
(506) 453-5053

P.O. Box 5050
100 Tucker Park Rd
G. Forbes Elliot Athletic
Centre, Room 107A
Saint John, NB E2L 4L5
(506) 648-5989

devdr@unb.ca
unb.ca/giving

On the front cover: The clock tower of the Lady Beaverbrook Residence at UNB Fredericton. The building was planned by Lady Beaverbrook and completed by Lord Beaverbrook, Chancellor of the University of New Brunswick, in her memory. The cornerstone was laid in 1928 and the residence was opened in 1930. The chimes of the clock tower play the tune to 'The Jones Boys', a Miramichi folk song favoured by Lord Beaverbrook.
Photo courtesy of John Leroux.

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