

THOMAS CARLETON  
GOVERNOR OF NEW BRUNSWICK  
1784 ~ 1817

# TRUST & ENDOWMENT REPORT 2014-15

To His Excellency Thomas Carleton Esquire Governor  
of New Brunswick and the Territories thereto belonging Vice Admiral  
Chancellor of the Exchequer

Your memorialists who have the honor to be your Majesty's  
Lieutenants in Chief of the Province of New Brunswick  
and the Territories thereto belonging do hereby certify that  
the same have been presented to your Majesty's Council  
and the same have been read and approved of by the  
said Council and the same have been ordered to be  
put in execution and that the same shall be  
observed and performed accordingly as the said  
Council have thought fit and as the same shall be  
ordered by your Majesty's Council

And as in Duty bound  
William Jarvis  
Lieut. Governor  
Joseph Tringali  
Secy. to the Council  
Wm. C. Johnson



Jaclynn Beckett

**DONORS MAKE EDUCATION ACCESSIBLE**

*“Being awarded my scholarship not only allowed me to get through my schooling debt-free, but has allowed me to live in residence and get involved in extracurricular activities.”*

Jaclynn Beckett,  
Saint John, N.B.  
Nursing student

## **THE UNIVERSITY'S TRUST & ENDOWMENT**

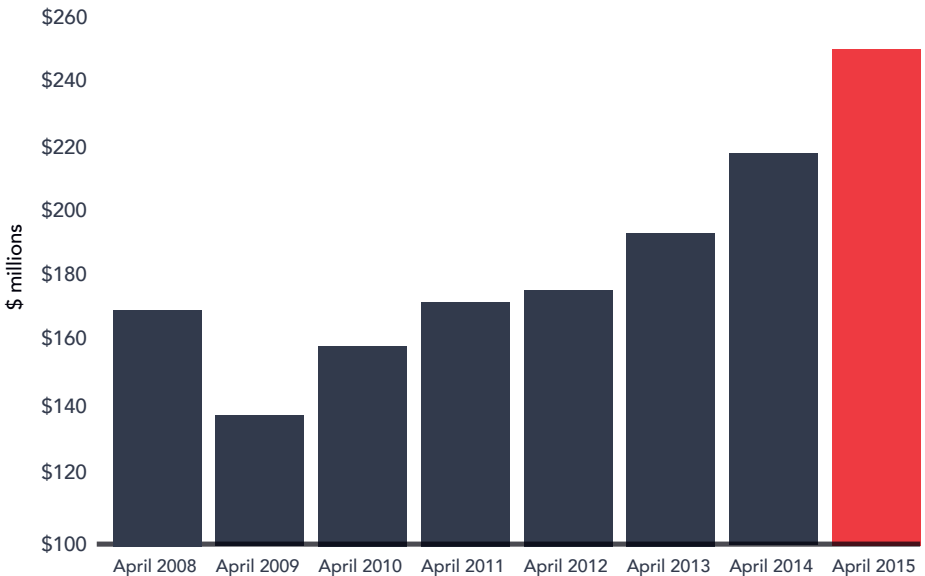
consists of endowed or expendable gifts that are generally restricted by the donor for a specific purpose. An endowed gift is one in which the donor specifies that the gift principal is to be invested in perpetuity and only the investment income earned can be spent on the specified purpose. An expendable 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.

The Long-Term Investment Fund for the Trust & Endowment accounts had a return of 11.10% for the year ended April 30, 2015, trailing the policy benchmark by 82 basis points. This followed returns of 16.34% for the year ended April 30, 2014 and 9.52% for the year ended April 30, 2013.

Capital markets in 2015 experienced strong returns across both public equities and fixed income. Global equities, as measured by the MSCI World Index, returned 18.80% in Canadian dollars. Canadian equities, as measured by the S&P/TSX Composite Index, returned 6.93%. Canadian bonds, as measured by the FTSE TMX Canada Universe, returned 8.21%. UNB's Fund is managed by external investment managers who seek to add value to these benchmark index returns through active management of the portfolio. UNB's fixed income manager earned 8.84%, exceeding the benchmark by 63 basis points. Two of three global equity managers and one of two Canadian equity managers outperformed the respective benchmarks. However, one global equity manager and one Canadian

## PRINCIPAL GROWTH 2008-2015 AS OF APRIL 30, 2015





Sonya Power and Daniel He

**DONORS ENABLE STUDENTS TO MAKE A DIFFERENCE IN OUR COMMUNITIES**

*“The scholarship has allowed me to not worry about money as I study at UNB: I can concentrate all my effort on studying, participating in clubs and societies, and making a difference in the community.”*

Daniel He, Fredericton, N.B.  
Chemical engineering student

equity manager trailed the respective benchmarks with the overall result that the Fund underperformed its composite benchmark by .82%.

The severe downturn in world financial markets in 2008 had a significant impact on North American university endowments and long-term trust funds. Many organizations with endowments were faced with sudden dramatic declines in asset values and were unable to support continued consistent levels of endowment spending during these times. UNB took extraordinary measures to preserve and protect the endowment accounts and has been able to maintain the level of spending on scholarships and bursaries through this period of significant market volatility.

Since 2008, 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 and will be maintained at that level in 2015-16.

UNB has also implemented changes in strategic asset allocation to improve the risk/return profile of the portfolio in support of a 4.0% endowment spending rate. Changes include increased diversification within the fixed income portfolio by reducing the allocation to Canadian bonds and adding modest exposure to emerging market debt, high yield bonds, and mortgage debt within a Core Plus strategy. Within the equity allocation, the overall allocation to global equities has been increased, including an allocation to a new low volatility global equity mandate.

## UNB INVESTMENT MANAGERS

Fidelity Investments Canada Ltd.  
 Hexavest Inc.  
 New Brunswick Investment Management Corporation  
 PH&N Investment Management  
 Scheer, Rowlett & Associates Investment Management Ltd.  
 SEAMARK Asset Management Ltd.  
 Sprucegrove Investment Management Ltd.

## CHANGES IN TRUST AND ENDOWMENT

### BALANCE - 2014/15 (MARKET VALUE)

	(000's)
Balance April 30, 2015	\$248,148
Balance April 30, 2014	\$218,121
<b>Net Increase During the Year</b>	<b>\$30,027</b>
<b>Increase Due to:</b>	
Donations and Other	
Additions to Capital	\$18,945
Investment Income	\$23,764
Transfers From Central	
Endowment Priority Trust Fund	\$217
Spending	(\$12,899)
	<b>\$30,027</b>



Erika MacLean and Jonathan Kummer

### **DONORS CREATE OPPORTUNITY FOR STUDENTS**

*“Receiving the scholarship has done wonders for me. It has allowed me to study what I want with little financial stress or worry. Without this help I would never have made it as far as I have, both financially and academically.”*

Erika MacLean, Fredericton, N.B.  
Electrical engineering student



### **DEVELOPMENT & DONOR RELATIONS**

P.O. Box 4400  
Fredericton, NB E3B 5A3  
(506) 453-5053

P.O. Box 5050  
Saint John, NB E2L 4L5  
(506) 648-5989

[unb.ca/donations](http://unb.ca/donations)  
[donations@unb.ca](mailto:donations@unb.ca)

*Cover photo: Stained glass featured in Sir Howard Douglas Hall of Governor Thomas Carleton and the petition of 1785 which resulted in the establishment of the University of New Brunswick. Courtesy of John Leroux.*