



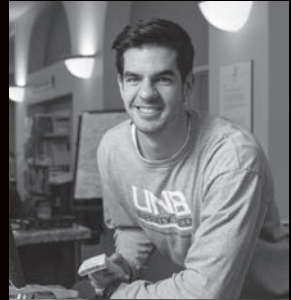
TRUST & ENDOWMENT REPORT 2013-14

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2013-14

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:

Logan Keoughan is a Bachelor of Science in Environment & Natural Resources graduate (2014) from Fredericton, NB.

MIDDLE:

Tiffany Rodden is a third-year arts and education student from Carters Point, NB.

BOTTOM:

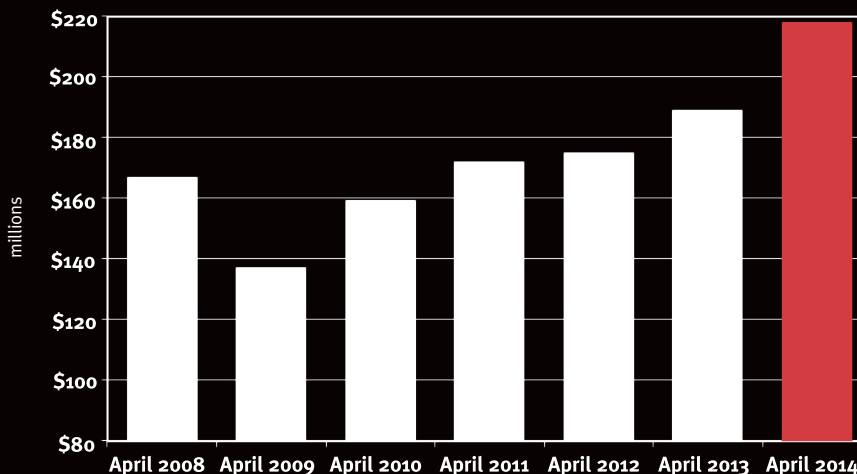
Diego Padilha is a second-year civil engineering student from Alagoas, Brazil.

Cover photo courtesy of John Leroux.

The Long-Term Investment Fund for the Trust & Endowment accounts had a return of 16.34% for the year ended April 30, 2014, trailing the policy benchmark by 13 basis points. This followed returns of 9.52% for the year ended April 30, 2013 and 0.88% for the year ended April 30, 2012.

Overall performance in 2014 was mainly driven by strong returns in public equities. The Fund's Canadian equity allocation earned 24.53%, exceeding the benchmark S&P/TSX Composite Index by 3.24%. Global equities returned 25.77% compared to the MSCI World (Cad) Index return of 26.86 points in a strong market as the Fund's global equity managers were defensively positioned. The Fixed Income allocation returned 1.38%, compared to the DEX Universe Index of 0.21%. The excess return over the benchmark index return for the various asset classes represents value added by the respective managers through active management of the portfolio.

Principal 2008 - 2014 (As of April 2014)





Anna Caulfield is a third-year kinesiology student from Ottawa, ON.



Branislav Popic is a fourth-year civil engineering student from Fredericton, NB.



Ashley Ackroyd is a second-year arts student from Saint John, NB.

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.

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

The funding I have received has allowed me to get a greater grasp of all the opportunities there are available at UNB. Every single cent counts. Those extra cents add up and give you an opportunity to experience other things. That has been huge.

Meaghan Moore, a fourth-year nursing student from Springhill, NS.

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 2014-15.

UNB has also implemented changes in strategic asset allocation to improve the risk/return profile of the portfolio in support of a 4% 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.

**Changes in
Trust & Endowment
Balance - 2013/14
(Market Value)**

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

**Changes in Trust & Endowment
Balance - 2013/14 (Market Value)**

	(\$ 000's)
Balance April 30, 2014	218,121
Balance April 30, 2013	189,032
Net Increase During the Year	\$ 29,089

Increase Due to:

Donations and Other Additions to Capital	12,056
Investment Income	30,630
Transfers from Central Endowment Priority Trust Fund	6
Spending	(13,603)
	\$ 29,089



Your undergraduate degree is the time to take advantage of any opportunities you can. I have experienced everything possible and I am so grateful.

Patricia Hanley, a fourth-year science (biology) student from Saint John, 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

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email: donation@unb.ca or call: 506-453-5053.