



UNIVERSITY
OF MANITOBA

UM ENDOWMENT

VISIONARY INVESTMENTS IN BIGGER FUTURES
2017/18 Annual Report on the University Investment Trust

Your generosity enables outstanding student experiences and creates opportunities for innovation and discovery.

The University of Manitoba's endowment – the University Investment Trust (UIT) – is comprised of more than 2,300 funds supported by thousands of donors. Each donor plays a crucial role in providing stable funding in a rapidly changing economy. Thank you for investing in the University of Manitoba.

FINANCIAL HIGHLIGHTS AT MARCH 31, 2018

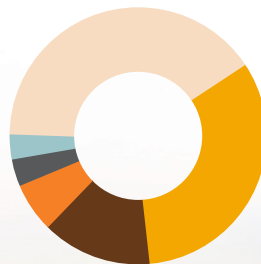
\$709.8M FUND MARKET VALUE

4.7% 1-YEAR INVESTMENT RETURN

\$12.5M IN NEW GIFTS

\$26.0M SPENDING ALLOCATION IN SUPPORT OF STUDENTS, RESEARCH, AND PROGRAMS

SPENDING ALLOCATION BY PURPOSE

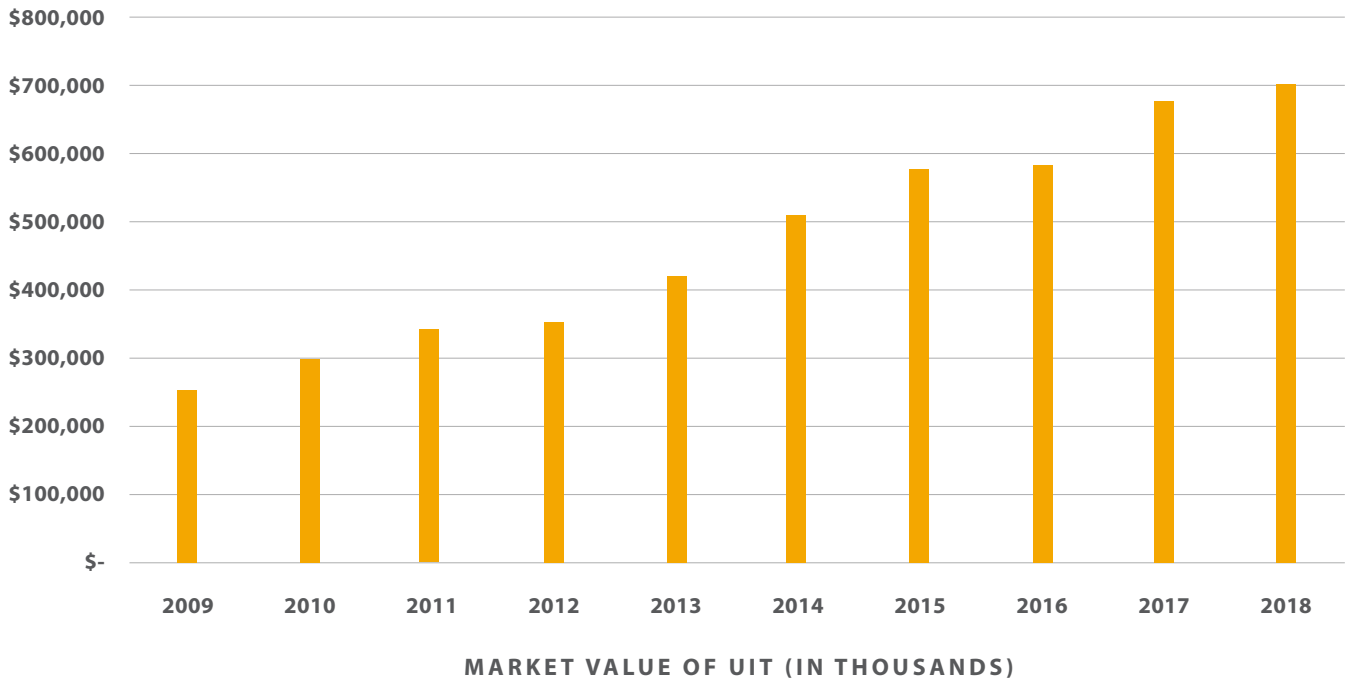


- Student Awards (41%)
- Faculties, Colleges and Schools (32%)
- Chairs and Professorships (14%)
- Research (7%)
- Libraries (3%)
- Other (3%)



THE YEAR IN REVIEW: UM ENDOWMENT REACHES NEW HEIGHTS

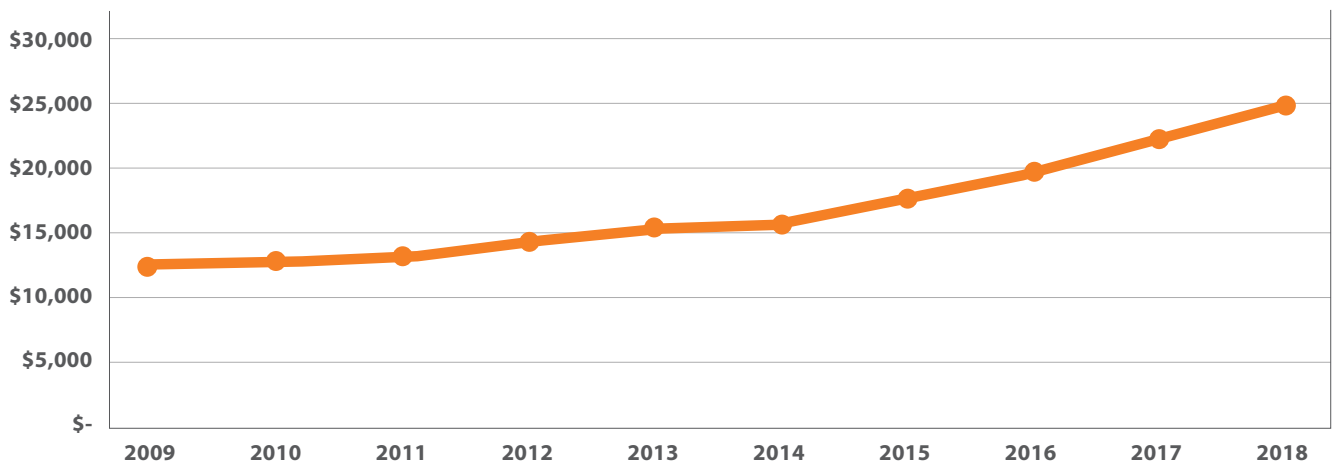
With a 1-year investment return of 4.7 per cent and philanthropic gifts totalling \$12.5 million, 2017/18 was an outstanding year for the university's endowment. The fund reached a record new market value of \$709.8 million and disbursed \$26 million to students, researchers, and programs.



SPENDING POLICY FOR A PROFITABLE FUTURE

A long-term spending allocation ensures the university's endowment supports the community today while securing the capital for the benefit of future generations. The payout rate is currently set at 4.25 per cent of a rolling 48-month average of the UIT's market value. Over the past five years, the endowment generated \$105.5 million in funding for students, faculties and schools, libraries, athletics, research and a variety of other areas.

SPENDING ALLOCATION (IN THOUSANDS)



Gifts today, funding for generations

The 5-year return of 10.7 per cent for the endowment places it favourably among its peer universities in Canada. The investment portfolio's asset mix aims to protect the purchasing power of the fund's capital by achieving a rate of return great enough to fund the annual spending allocation, investment management fees, and inflation.

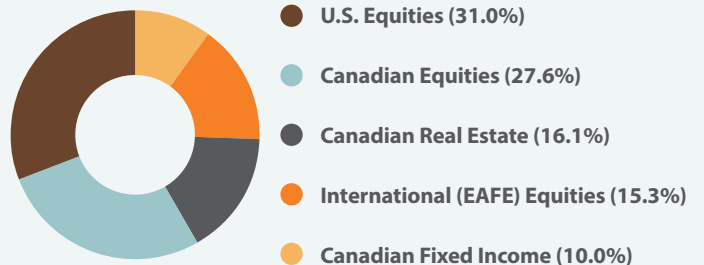
In the upcoming year, the Trust Investment Committee will thoroughly review the UIT's asset mix by undertaking an asset mix optimization study. As part of prudent governance, this study will test the asset mix relative to the investment objectives of the fund, seeking potential enhancements. The current asset mix has a strong bias to return-seeking assets, which has led to a high equity weighting. Given the relatively low return for bonds going forward, and the need to diversify, the Committee is looking at other real assets and a shift in equity holdings.

Annualized Investment Performance At March 31, 2018

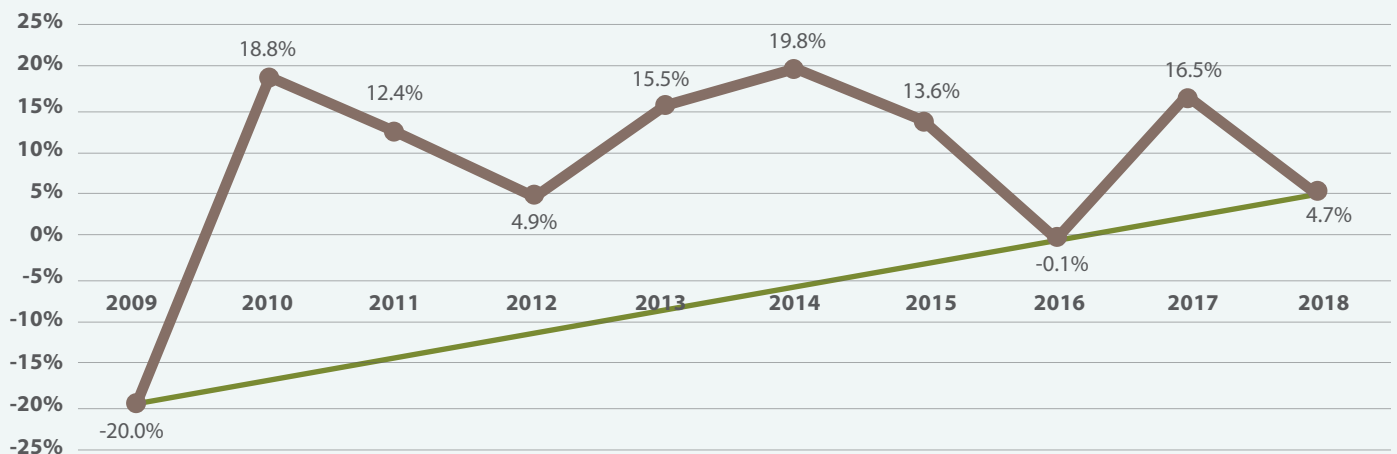
	1 year	3 years	5 years
Total Portfolio	4.7%	6.8%	10.7%
Benchmark	6.5%	7.0%	10.6%
Canadian Bonds	-0.3%	-0.8%	2.4%
Benchmark	-0.8%	0.7%	2.6%
Canadian Equities	-1.6%	3.0%	6.3%
Benchmark	1.7%	4.1%	6.9%
U.S. Equities	8.5%	10.6%	18.9%
Benchmark	10.2%	11.4%	18.8%
International Equities	10.0%	10.2%	15.0%
Benchmark	11.5%	6.7%	12.2%
Canadian Real Estate	6.6%	5.6%	6.7%
Benchmark	8.7%	7.5%	7.9%

10-year return: 7.9% 15-year return: 8.7%

ASSET MIX (AS OF MARCH 31)



ANNUAL RETURNS OF THE UIT





Your endowed gifts transform students' lives, shaping innovators like **Katelin Neufeld**, PhD student (Psychology), the inaugural recipient of the endowed Mahatma Gandhi Scholarship in Human Rights, who says:

"Incredibly grateful" doesn't even cover it. [This award has] given me the freedom to focus on my research and the time and other resources to work on projects related to my area of interest, which is promoting social change. To receive an award in the name of Mahatma Gandhi is a huge honour! To me, it's a sign that what I'm researching is seen as worthwhile. It sets such a high bar for me in terms of the impact I think my research can and should have in the area of human rights and social justice."

	Asset Class	Manager
University Investment Trust	Canadian Fixed Income	Cidel Asset Management
	Canadian Equities and International Equities	Burgundy Asset Management
	Canadian Real Estate	GWL Realty Advisors
	U.S. Equities	J.P. Morgan Asset Management
Specific Trusts	Canadian Fixed Income and Cash Equivalents	BMO Nesbitt Burns
	Canadian Fixed Income, Canadian and Foreign Equities	Jarislowsky Fraser
Other	Performance Measurement and Analytics	Aon
	Custodian	CIBC Mellon
	Performance Measurement	BNY Mellon
	Corporate Banking	Toronto-Dominion Bank

TRUST INVESTMENT COMMITTEE

University Staff and Members of the Board of Governors

Lynn Zapshala-Kelln, *Vice-President (Administration)*

Carla Buchanan, *Manager, Financial Reporting*

David Collins, *Vice-Provost, (Integrated Planning and Academic Programs)*

Norman Halden, *Dean*

Clayton H. Riddell Faculty of Environment, Earth, and Resources

Tom Hay, *Comptroller*

Jeff Lieberman, *Board of Governors Chair*

Lance McKinley, *Director, Treasury Services*

Community Members

Wayne Anderson, *President, St. Boniface Pallet Co. Ltd.*

Alan Brownridge, *retired, Managing Partner, I. G. Investment Management Limited.*

Norman Long, *retired, Comptroller, University of Manitoba*

John Smith, *retired, President, GLC Asset Management Group Ltd.*

Recording Secretary

Carleigh Collier, *Assistant to the Comptroller*

Endowment Fees

The endowment fund incurs expenses related to the management and safekeeping of assets. Fees include investment management, custodian, performance measurement and analytics, and administrative fees. Investment management fees paid in 2018 totalled \$3,576,000 or 0.51 per cent of the average market value of the fund over that period. The total investment and administrative related expenses of the fund in 2018 were \$5,181,000 or 0.74 per cent of the average market value of the investments for the year.