



University
of Manitoba

UM Endowment

A GIFT THAT STANDS THE TEST OF TIME

2019/20 University Investment Trust (UIT) Annual Report

Your investment creates a secure future for students, faculty and researchers

The University of Manitoba's endowment – the University Investment Trust (UIT) – is comprised of **more than 2,500 funds** supported by thousands of donors. Amidst the challenges we are all currently facing, **we want you to know that your gifts are making a difference.** Supporting an endowed fund ensures a **stable source of support** for students, researchers, and professors at all times, regardless of what is happening around us in the moment. Thank you for investing in our students and researchers at the University of Manitoba, providing hope for our future and a brighter tomorrow.

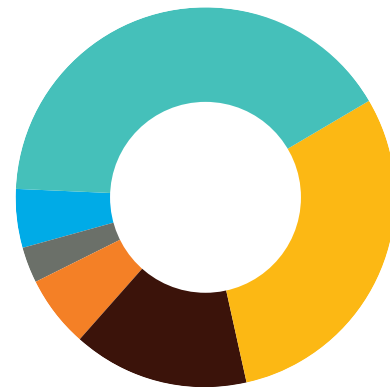
FINANCIAL HIGHLIGHTS

SPENDING ALLOCATION BY PURPOSE

\$699.9 MILLION MARKET VALUE
AT MARCH 31, 2020

\$18.7 MILLION
IN NEW GIFTS

\$31.4 MILLION
IN EXPENDITURES



- Student Awards (41%)
- Faculty and School Support (30%)
- Chairs and Professorships (15%)
- Research (6%)
- Library Support (3%)
- Other (5%)



THE YEAR IN REVIEW:

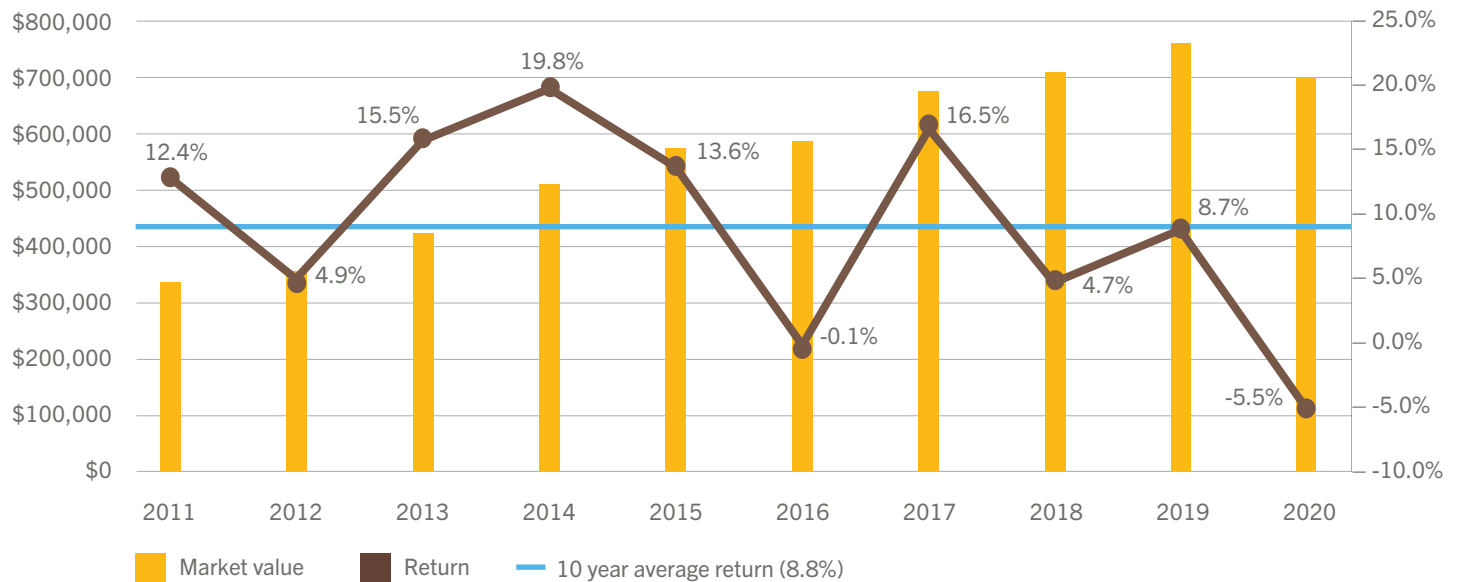
LOYAL SUPPORT AMIDST CHALLENGING TIMES

Due to the impact of the pandemic on the economy in the final month of the fiscal year (March, 2020), this year's one-year investment return rate was -5.5%, compared to last year's positive return of 8.7%. The global outbreak of COVID-19 in March led to rapid deterioration of equity valuations, low interest rates and economic contraction. Although the UIT had an average market value of \$750 million throughout the year, it closed at \$700 million based on what occurred over the final quarter of the fiscal year.

The one-year loss of -5.5% underperformed the fund's benchmark return of -4.0% due to the poor performance in Burgundy Asset Management's Canadian equity portfolio, which had a one-year loss of -32.8% versus the benchmark loss of -14.2%. This was due to their overweight in energy stocks, which has been an economic sector facing many challenges over the past few years, and suffered through a crash in oil prices as the pandemic depleted the demand for energy.

The UIT reported a total of \$18.7 million in new gifts, similar to last year's \$18.8 million contribution total, which strengthens the university's ability to ensure stability for students, faculty and researchers in the future.

MARKET VALUE AND ANNUAL RETURN OF UIT 2010–11 TO 2019–20 (in thousands)



Your endowed gifts provide students with exceptional experiences that allow them to realize their own potential and achieve success. Nazariy Demkowicz, fourth-year student in the Faculty of Agriculture the Manitoba Canola Growers' Association Award recipient in 2019–20, says:

"I am incredibly grateful for the generous support of thoughtful donors, and am honored to have been recognized. This award has helped me to a great extent. Whether someone is just starting their educational career or preparing for the next phase of their life, every gesture of support creates a surge of encouragement and motivation. Thank you for allowing us to continue in our pursuit of education and happiness."

New investment managers

The Trust Investment Committee hired three new investment managers in the last quarter of 2020. RBC Philips Hager North was hired to manage 50% of the Canadian equity allocation and Burgundy Asset Management will continue to manage 50% of this asset class. Aristotle Capital Management and Wellington Management Company were hired to each manage 50% of the U.S. equity allocation, replacing J.P. Morgan.

ASSET MIX AND TARGETS

As of March 31, 2020

Asset Class	Current %	Target %	\$ millions
Canadian Bonds	11.3%	10.0%	\$79.0
Canadian Equities	18.6%	25.0%	\$130.0
U.S. Equities	24.4%	25.0%	\$170.6
International Equities	15.1%	15.0%	\$106.1
Canadian Real Estate	18.8%	15.0%	\$131.5
Infrastructure	11.8%	10.0%	\$82.8

ANNUALIZED INVESTMENT PERFORMANCE (\$CDN)

As of March 31, 2020

	1 year	3 years	5 years
Total Portfolio	-5.5%	2.4%	4.6%
Benchmark	-4.0%	3.4%	4.9%
Canadian Bonds	6.5%	3.9%	2.9%
Benchmark	6.5%	3.8%	2.8%
Canadian Equities	-32.6%	-10.1%	-4.2%
Benchmark	-14.2%	-1.9%	0.9%
U.S. Equities	-1.9%	6.4%	8.4%
Benchmark	-0.9%	7.4%	9.2%
International Equities	-2.5%	3.1%	5.9%
Benchmark	-8.3%	0.8%	2.2%
Canadian Real Estate	9.1%	7.7%	6.9%
Benchmark	7.0%	7.5%	7.2%
Infrastructure	7.9%	n/a	n/a
Benchmark	7.2%	n/a	n/a

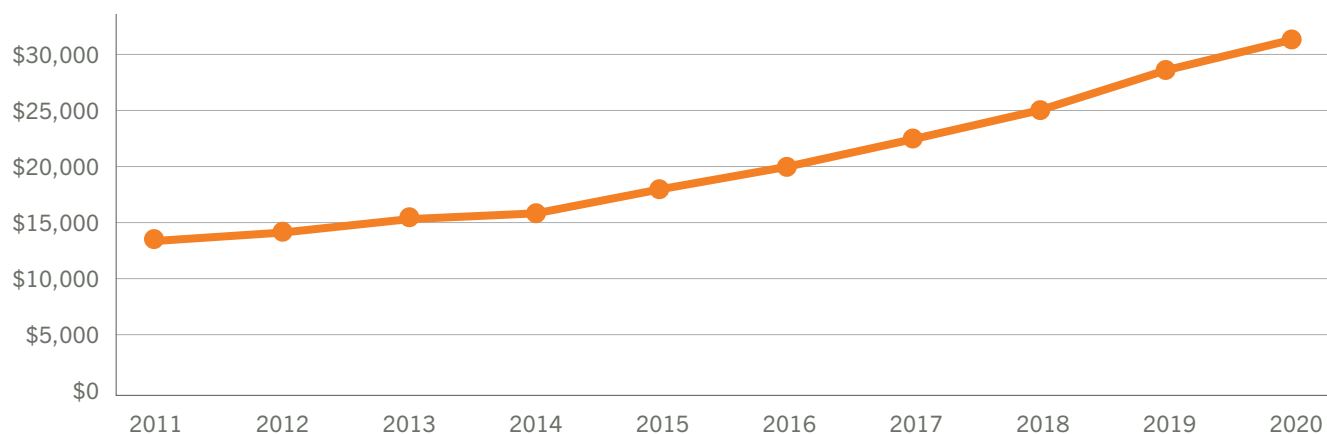
UIT 10-year return: 8.8%

INVESTING IN OUR FUTURE

Over the past five years, the UIT has generated \$129.4 million in spending to support students, faculties and schools, libraries, athletics, research and a variety of other areas. This year alone, it generated an allocation of \$31.4 million to provide this support.

Effective in 2020/21, the University of Manitoba has increased the long-term payout rate (spending allocation), from 4.25% to 4.50% of a rolling 48-month average market value.

SPENDING ALLOCATION (in thousands)





Your endowed gifts create opportunities and inspire students to make an impact of their own. Rita Wang, second-year Dentistry student and 2019-20 Shaw Laboratories Limited Scholarship recipient, says:

“Your endowed gifts to our education truly mean a lot. They motivate us to continue to work hard, inspire us to give back to the community, and so much more. Thank you for your long-term investment and support for our education. I can’t wait to do the same for students of the next generation.”

INVESTMENT MANAGERS As of March 31, 2020

TYPE	ASSET CLASS	MANAGER
UNIVERSITY INVESTMENT TRUST	Canadian Fixed Income	Cidel Asset Management
	Canadian Equities and International Equities	Burgundy Asset Management
	Canadian Equities	RBC Philips Hager North
	Canadian Real Estate	GWL Realty Advisors
	US Equities	Wellington Management Company
	US Equities	Aristotle Capital Management
	Infrastructure	Brookfield Asset Management
SPECIFIC TRUSTS & CAPITAL 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

TRUST INVESTMENT COMMITTEE

UNIVERSITY STAFF AND MEMBERS OF THE BOARD OF GOVERNORS (VOTING MEMBERS)

Carla Buchanan, Manager, Financial Reporting
***Norman Halden**, Dean, Clayton H. Riddell Faculty of Environment, Earth and Resources
***Tom Hay**, Comptroller
Jeff Lieberman, Chair, Board of Governors
Lance McKinley, Director, Treasury Services
***Lynn Zapshala-Kelln**, Vice-President Administration, Chair

COMMUNITY MEMBERS (VOTING MEMBERS)

***Wayne Anderson**, President, St. Boniface Pallet Co. Ltd.
***Norman Long**, retired, Comptroller, University of Manitoba
John Smith, retired, President, GLC Asset Management Group Ltd.

** These members have retired from the committee subsequent to March and have been replaced.*

Endowment Fees

The endowment fund incurs expenses related to the management and safekeeping of assets. Fees include investment management, custodian, consulting, performance measurement, and internal administrative fees. Total expenses of the fund in 2020 were **\$5,469,000** or **0.73%** of the average market value of the investments for the year. Within that total includes the Investment management fees paid in 2020, which was **\$4,087,000** or **0.54%** of the average market value of the fund over that period.