

FISCAL YEAR 2023

ENDOWMENT HIGHLIGHTS

YEAR END MARKET
VALUE OF THE
SFU ENDOWMENT

\$640,350,178

SPENDING ALLOCATION FOR
THE SUPPORT OF RESEARCH,
TEACHING & LEARNING, AND
COMMUNITY ENGAGEMENT

2023


\$26M

2024

\$27M

NOVEMBER 2021

Recognizing the escalating climate emergency—the university announced full divestment from fossil fuels by the **end of 2025**.

 SFU has committed to reduce the carbon footprint of the public equity portion of the investment portfolio by **45% by 2025** and has achieved a **69% reduction** from the **2016 baseline**.

1ST

UNIVERSITY WORLDWIDE FOR OUR IMPACT
ON SUSTAINABLE CITIES AND COMMUNITIES

(Times Higher Education 2023 Impact Rankings)

100%

FOSSIL FUEL FREE IN ITS GLOBAL
EQUITY AND FIXED INCOME PORTFOLIO

(representing about 63% of SFU's total Endowment)

4.2%

OF THE UNIVERSITY'S
OPERATING BUDGET
WAS PROVIDED FROM
THE ENDOWMENT
FUND'S INCOME

0.9%

RETURNED IN
THE ENDOWMENT
INVESTMENT
PORTFOLIO
OVER THE YEAR

1021

INDIVIDUAL
ENDOWMENT
FUNDS COMPRISE
THE SFU
ENDOWMENT

94.7%

of SFU's endowment assets are managed by **United Nations Principles for Responsible Investment (UN PRI)** signatory investment managers.

Over the past year, the global economy was clouded by recession fears and rising interest rates as central banks tried to control inflation.

Against this backdrop, capital markets experienced high volatility with S&P/TSX Composite Index posting a **negative return of 5.2%** over the past year.

ENDOWMENT PHILOSOPHY

GROWTH → SFU’s endowment is responsibly invested on a pooled basis to optimize total investments and minimize administrative expenses. All funds relating to the endowment are invested and professionally-managed solely for the benefit of the endowment program.

STABILITY → SFU holds sufficient funds in reserve to absorb market fluctuations. This stability means that SFU can allocate spendable funds at the beginning of the fiscal year, before investment returns have been realized, providing programs with predictable budgets for each upcoming year.

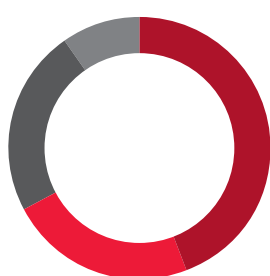
IMPACT → SFU maximizes the impact of the endowment investments by setting a sustainable spending rate (currently 5% of endowment principal) and by capitalizing reserve funds from the endowment stabilization account to individual principal accounts annually for inflation using CPI and if the value of the endowment stabilization account exceeds 15% of the market value of the overall endowment fund.

INVESTMENT PORTFOLIO

The investment pool is a diversified portfolio managed by external investment managers and is held by the independent custodian CIBC Mellon.

Endowment Asset Mix

As of March 31, 2023



Global Equities	44.2%
Canadian Equities	23.2%
Canadian Fixed Income	23.1%
Alternative Investment	9.5%

Endowment Assets by Purpose

As of March 31, 2023



Faculty, academic & other programs	35%
Financial Aid	31%
Chairs	24%
Professorships	7%
Library	2%
Athletics	1%

Investment Managers

GLOBAL EQUITY

- Black Creek Investment Management (Global)
- Fiera Capital (Global)
- Janus Henderson Investors (Global SRI)
- North Growth Management (US)

CANADIAN EQUITY

- Franklin Templeton Institutional
- Fidelity Canada Institutional

CANADIAN FIXED INCOME

- PH&N Institutional

ALTERNATIVE INVESTMENT

- Raven Capital
- Balfour Pacific Real Estate
- Kensington Capital Partners
- Northleaf Capital Partners
- Second City Capital Partners
- Stafford Capital Partners
- Greystone Real Estate LP Fund Inc.
- Fiera Real Estate Core Fund LP

OTHER BALANCED PORTFOLIOS

- Beedie Endowment Asset Management
- Student Investment Advisory Services
- Vancouver Foundation Managed Fund

Endowment Policy

- SFU’s endowment program is governed by its Investment Governance Policy (B 10.09) and Endowment Management Policy (GP 20).
- The current Spending Income Allocation Rate is 5%.

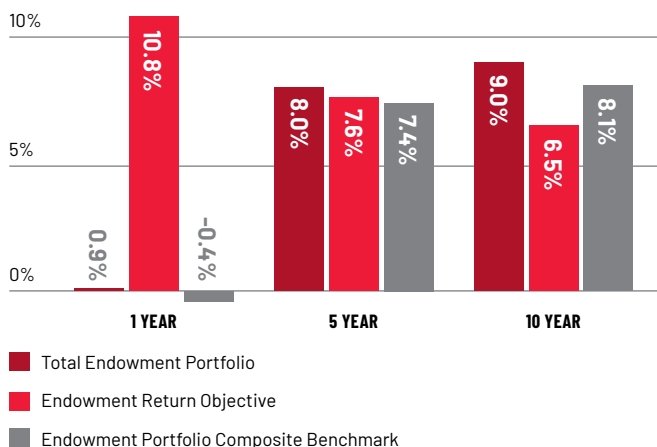
INVESTMENT PERFORMANCE

- The primary objective is to earn an annual return in excess of inflation plus the Spending Income Allocation, net of investment expenses.
- In addition, SFU measures its endowment performance against a composite benchmark calculated by Ellement Consulting Group, which is based on portfolios invested in major asset classes in broad market indices, and the CAUBO survey data of annualized rates of return at universities across Canada.
- SFU's endowment portfolio outperformed the endowment portfolio composite benchmark over the fiscal 1-year, 5-year and 10-year periods as of March 31, 2023.

Annualized rates of return

Return objectives and composite benchmark comparison

Fiscal year ending March 31, 2023

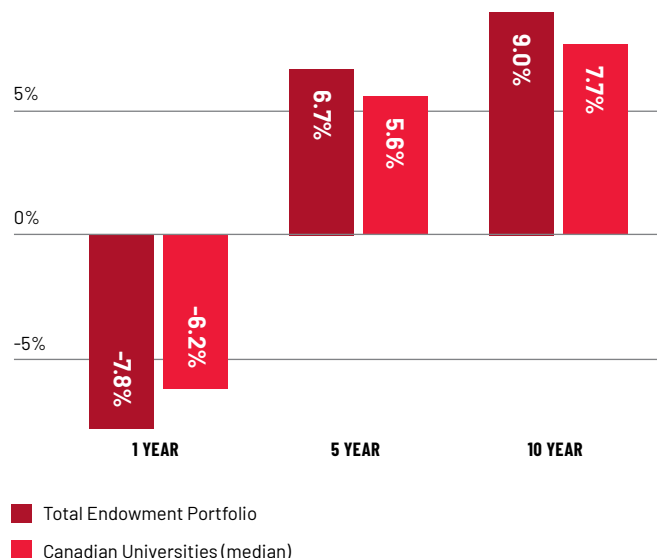


- The Canadian Association of University Business Officers (CAUBO) provides universities with information to assist them in better managing their investment portfolios. Each year CAUBO collects data from between 60-70 Canadian universities comparing endowment performance.
- SFU's endowment portfolio outperformed the Canadian university median over the calendar 5-year and 10-year periods as of December 31, 2022.
- SFU has consistently ranked among the top performing endowments out of all surveyed universities for the 10-year net annualized return since 2014, when SFU began preparing the CAUBO University Endowment Survey Summary results.

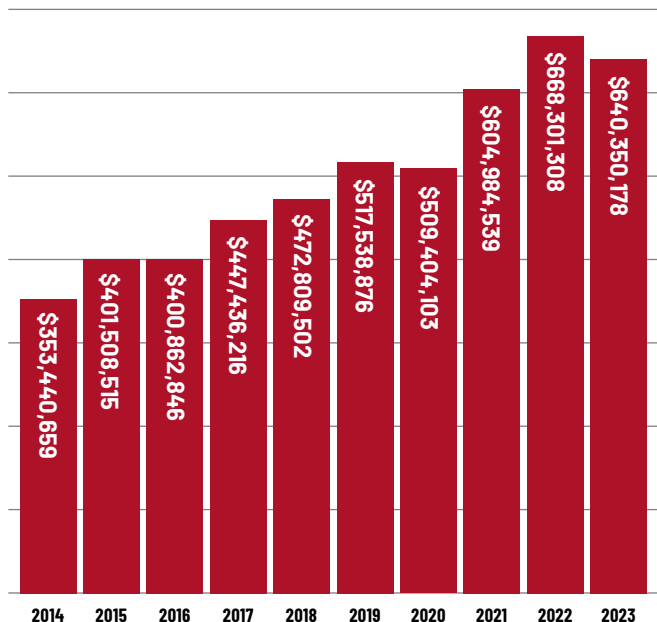
Annualized rates of return

CAUBO Comparison

Calendar year ending December 31, 2022



Endowment market value 10 year growth



RESPONSIBLE INVESTMENT

- Principles for Responsible Investment (PRI) is an independent proponent of responsible investment supported by the United Nations. Their summary scorecard for the most recent survey results, which measures institutions' overall approach to responsible investment, again scored SFU 4 out of 5 stars in each of the relevant asset class modules with scores ranging from 78/100 to 87/100.
- SFU began measuring the carbon footprint of its investment portfolio as of March 31, 2016, committing to a 30% reduction of its carbon footprint by 2030. In September 2018 the university committed to a further 10% decrease for a total reduction of 40% by 2030, keeping in line with British Columbia's and Canada's new carbon emission reduction targets. In November 2019, SFU increased its commitment to a 45% reduction of its investment portfolio carbon footprint below the 2016 baseline and to achieve this reduction by 2025, five years ahead of the 2030 target as proposed by the Intergovernmental Panel on Climate Change (IPCC).
- SFU is a founding member of the Investing to Address Climate Change Charter for Canadian Universities and one of the first Canadian universities to sign on to the United Nations Principles for Responsible Investment. Through this process SFU goes through a rigorous audit annually and has been shown to compare favourably to other universities worldwide in taking meaningful action toward responsible investment.

FREQUENTLY ASKED QUESTIONS

Why are endowments important?

Endowments build a legacy of support that spans generations. The SFU endowment is responsibly-invested to advance, in perpetuity, the strategic vision of generous donors and the university. The annual income provides stable funding that promotes long-term planning and allows the university to recruit the best students and faculty and create outstanding programs.

What are the minimum levels to establish named endowments?

The minimum gift to establish an endowment varies depending on the type of initiative the endowment principal will support. As of April 1, 2022, in-course undergraduate scholarships, bursaries and awards as well as department-based graduate awards begin at a \$40,000 commitment. Gifts can be designated to a particular faculty or program, student awards, chairs and professorships, and many other opportunities at the university. Endowment gifts can be pledged and paid over a period of five years.

How is the annual, available Spending Income Allocation determined and distributed?

The spending allocation rate is set annually by the Board of Governors on the recommendation of the Vice-President, Finance & Administration and is reviewed every third year. As of April 1, 2022 the rate continues to be set at 5%

annually. The Spending Income Allocation is calculated by applying the spending rate to the average monthly endowment principal account balance during the current fiscal year. An initial amount is made available based on the spending allocation calculated at fiscal year start, with any spending adjustments made available at fiscal year-end.

When will an endowment begin disbursing funds?

Once the minimum endowment funding levels have been met and the Terms of Reference have been authorized, the payout, pro-rated based on fiscal year timing, will become available for spending. For scholarships, bursaries and awards, once the spending minimum is available (\$2,000 for undergraduate funds and \$2,000 for graduate funds), the disbursement will occur in the next available award cycle.

How does the endowment principal increase in value?

Both investment returns and additional gifts contribute to endowment principal growth. The university makes an annual capital addition to the endowment principal to preserve purchasing power. This is calculated as the latest calendar year percentage change in the Consumer Price Index for British Columbia times the average endowment principal account balance during the fiscal year. Ongoing gifts to the endowment principal, and any recapitalization of unspent funds, also increase the capacity of the endowment to provide annual support.