



# ENDOWMENT REPORT 2018-19



**During this challenging time, we are especially thankful for you, and for all you have done and continue to do for Memorial University.** Your support for higher education in this province and for our students and their futures is more important now than ever, as they prepare to move through the many challenges we will face in the future. Thank you.

At the Office of Development, we have adapted and continue to refine our processes in this new remote working environment brought on by the global pandemic. As a result, our ability to personalize and send this report by mail have been affected by the restrictions we are all experiencing, with the large majority being sent by email. We are doing everything we can to ensure this report is delivered in a way that works for you.

The fund you have established, support or represent at Memorial is vital to our university and our collective futures. Whether you support student success, research in its many different forms, or other types of academic activities, you create tremendous opportunities for Memorial to make a difference in the lives and work of our students, faculty and staff – work that ultimately has a direct impact in Newfoundland and Labrador and beyond.

As you may be aware, Memorial quickly adapted to the COVID-19 crisis to ensure remote and online learning was in place for our students to complete the Winter 2020 semester. Spring semester is underway in the same format and plans are in place for Fall 2020. Be assured that learning and research continues in earnest at Memorial – along with the incredible impact and importance of your many contributions.

We also acknowledge the lateness of this report. We experienced delays in the fall of 2019 that were further exacerbated by our winter state of emergency in January and of course the current COVID-19 pandemic. Work on your 2019-20 Endowment Report (for the period ending March 31, 2020) is in progress with plans to get it to you as soon as possible.

At a total market value of over \$122M as of February 2020, Memorial's Pooled Endowment Fund is comprised of more than 900 individual funds, together representing the collective contribution of you, our donors. Managed with sound, proven investment strategies and sustainable spending policies, our endowment is designed to extend maximum benefits to



fund recipients while maintaining the security of the funding stream in perpetuity and enabling growth to keep pace with inflation and maintain its 'buying power'. With your support, we continue to build a healthy, growing Fund that will exist in perpetuity, extending these important financial resources to our university and its students for generations to come.

**In the pages that follow, it is my pleasure to provide a summary of the fund you support or represent, for fiscal year 2018-19.** The section titled '2018-19 Endowment Update' outlines the current status of the broader Memorial Pooled Endowment Fund, now more than a full year in the market following the implementation of our revised investment strategy at the end of 2017.

Each attached report contains up to five years of activity for the fund in question. On the back page of this document we have also included a glossary to help explain the terms and other references that appear in your specific fund report. If you have any questions about this report or other inquiries related to your giving to Memorial, don't hesitate to contact us at [giving@mun.ca](mailto:giving@mun.ca) or 709-689-0292.

**Thank you once again on behalf of the entire Memorial community.** We appreciate your trust and support, and strive always to be good stewards of your generosity. It is our privilege to pay it forward.

As the country and province begin to open up, please continue to stay safe and healthy.

Sincerely,

# 2018-19 ENDOWMENT UPDATE

In the 2017-18 Endowment Report we provided an overview of the changes to Memorial's investment strategy made during that year. As you are aware, the Investment Committee (a sub-committee of the Finance Committee of the Board of Regents) is the advisory group responsible for oversight of our Pooled Endowment Fund (the "Fund"). In 2016, when the value of the Fund exceeded \$100M, Memorial undertook a review to ensure best practices were in place to maximize the Fund's performance.

On the basis of that review, recommendations from the Investment Committee were brought forward to the Finance Committee and then to the Board, including the proposed shift to engaging a custodial service for the Fund. These recommendations were approved by the Board of Regents in the fall of 2017. A request for proposals process followed and the custodial firm of CIBC Mellon was selected.

## INVESTMENT MANAGEMENT CHANGES

This change in investment management required the liquidation of all investments, almost all of which took place in late November 2017 near the end of the 3rd quarter. The proceeds were then transferred to the new custodian and reinvested according to Memorial's Statement of Investment Policy and Objectives for Endowment Funds and Non-Endowed Funds (SIPO). As we noted in your 2017-18 Endowment Report, this liquidation resulted in higher than normal realized gains in the 2017-18 fiscal year. It also meant that the reported unrealized gain/loss of the newly invested Fund was based on the performance of only the last quarter of the 2017-18 fiscal year.

At the end of the following fiscal year, as per the SIPO, Memorial resumed the schedule in place to ensure that the growth and distribution of the Fund keeps pace with inflation. In most cases, except where recently established funds were not invested long enough to realize significant gains, this process resulted in an increase in the amount available for distribution, enabling the 'buying power' of the funds to be maintained. In other words, for most funds, more money was available in service of each fund's purpose (e.g., scholarships, bursaries, programs, etc.), allowing it to keep pace with inflation.

We are pleased with the new management practices. Ultimately, ensuring optimal performance of the Fund will create more opportunities for success, growth that will benefit students, researchers and the entire Memorial community.

If you have any questions, please do not hesitate to contact the Office of Development for more information.

***Please note that more detail on the change to the custodial firm and an explanation of the investment strategy implemented in 2017 can be found in our 2017-18 Endowment Report, which is also posted online at: [www.mun.ca/give/impact](http://www.mun.ca/give/impact)***

# UNDERSTANDING THIS REPORT

**Your philanthropy is making a big difference at Memorial University and we thank you for your support.**

This report includes a summary of your endowed fund covering up to five years of activity. As this may be your first time seeing this report, we recognize you may have specific questions. Please use the glossary of terms below as a way to guide you through the report. As well, a member of our development team is available to assist you if desired. Please do not hesitate to contact us at (709) 689-0292 or 1-877-700-4081 (Toll Free).

TERM	DEFINITION
<b>Allowable Payout</b>	The Allowable Payout is the lesser of <ul style="list-style-type: none"><li>• the book value of the unrestricted closing balance adjusted for unrealized gains/losses</li><li>• the book value of the restricted closing balance x the current spending rate (the current spending rate is 4%)</li></ul>
<b>Book Value</b>	Amount donated plus subsequent transactions for the investment (donated funds + realized income – funds awarded).
<b>Custodial Service</b>	Custodial service in respect of securities refers to the service of safekeeping of the securities and other administrative responsibilities relating to the custody of the securities.
<b>Market Value</b>	The value of the endowment if all investments were sold at March 31 (Fiscal year end) (closing book value + unrealized gains/loss).
<b>Restricted</b>	That portion of the fund that cannot be spent or infringed upon in perpetuity (often referred to as the 'principal'). Initially, this represents 90% of the overall fund (in accordance with university policy).
<b>Unrestricted</b>	That portion of the fund that is available to spend based on the university's spending policy. Initially, this represents 10% of the overall fund (in accordance with university policy).
<b>Unrealized Gains/Losses</b>	The cumulative market gains or losses on the fund, as at March 31 (Fiscal year end).

The endowed funds at Memorial University are overseen by the Investment Committee (a sub-committee of the Finance Committee of the Board of Regents) and governed by the Statement of Investment Policy and Objectives (SIPO).

The purpose for the breakdown of the fund as 90% restricted and 10% unrestricted is to allow the fund to support a scholarship/award/other use immediately without having to wait until sufficient income is earned to support the payout. Currently, the unrestricted amount represents just over two years of payout. New donations to an endowment are automatically split 90/10 (restricted/unrestricted).

To request a full copy of the SIPO or other information on our investments at Memorial, please contact us at the numbers listed above.