Queen's University

Annual Endowment Report 2017

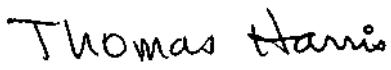
Thank You!

Donations to the Queen's University Pooled Endowment Fund (the Endowment) are critical to the long-term stability and growth of the University. Each donor-created fund becomes part of the University's Endowment, held in perpetuity. Queen's Endowment invests in a diversified portfolio of financial assets designed to maximize long-term risk-adjusted returns, provide stable annual payouts to support donor-specified priorities, and preserve purchasing power for future generations.

The power of this permanent partnership between Queen's donors and the University reached an impressive milestone this year, as Queen's Endowment surpassed $1 billion, representing a legacy of invested donors whose contributions place Queen's among the top five university endowments in Canada. During the 2016-17 fiscal year, Queen's Endowment provided more than $33 million to support scholarships, research chairs, and a diverse range of University programs aligned with our donors' intentions.

With the management of Queen's Endowment comes a responsibility that we take very seriously, and we thank you for entrusting us. We are pleased to share with you information on the performance of Queen's Endowment and its ongoing impact on students and faculty.

We thank you for your support and partnership.



Tom Harris
Vice Principal (Advancement)

Jim Keohane
Chair, Investment Committee of the Board of Trustees

Making an Impact

Two life-changing events happened during Melanie Gray's time at Queen's University. Her mother died of cancer which meant she became the legal guardian to her two younger brothers, and she received a major bursary which allowed her to stay at Queen's despite her family's financial hardships.

Without that funding, the Artsci'16 graduate would likely not have been able to walk across the convocation stage in Grant Hall on June 7.

"It was a life-changing moment when I received the Anne Shaw Hudson Bursary. I will be forever grateful the Queen's alumni family was there to support me as I struggled to take care of my own family," Ms. Gray says.

She is one of many students who benefited from the Initiative Campaign. The 10-year fundraising campaign by Queen's wrapped up on April 30, 2016 with benefactors donating $640 million, including $85 million in support of scholarships and bursaries.

The art history student's first few years at Queen's were divided between going to class and taking her mother, Lauren, to chemotherapy at Kingston General Hospital. Lauren believed in the value of education and was proud her daughter was attending Queen's.

"Education was always her No. 1 priority. She grew up on a reserve in poverty and never graduated from high school. She wanted all her children to get a degree and kept telling us to not worry and focus on school," says Ms. Gray.

Lauren's long battle with cancer ended on March 18, 2014 when she passed away a few days before her daughter's 21st birthday. Ms. Gray tried to keep herself busy to help cope with the grief. She co-founded a well-being circle for Indigenous students at the Four

Directions Aboriginal Student Centre and was president of the Queen's Native Student Association.

The hardships continued as financial stress replaced her mother's health issues. The family home was in need of urgent repairs, and she could barely provide her family's basic needs.

Life was "one step forward and 10 steps back," she says. The stress was overwhelming as she considered dropping out of Queen's to find a job.

Fortunately, the Queen's community was there for support. She received guidance and financial aid from Queen's Financial Assistance, Ban Righ Centre, and the Chaplain's office. It was the Anne Shaw Hudson Bursary – worth $17,500 – that gave her the freedom to focus on school and not worry about paying bills. As a result, she was able to find her passion for learning and her grades went up dramatically.

"I truly hope people understand how much their donations to Queen's can change a student's life," she says.

By the Numbers

8.2%
Annualized Return over the Past 20 Years

$1,028M
Total Assets at April 30, 2017

2,369
Endowment Funds

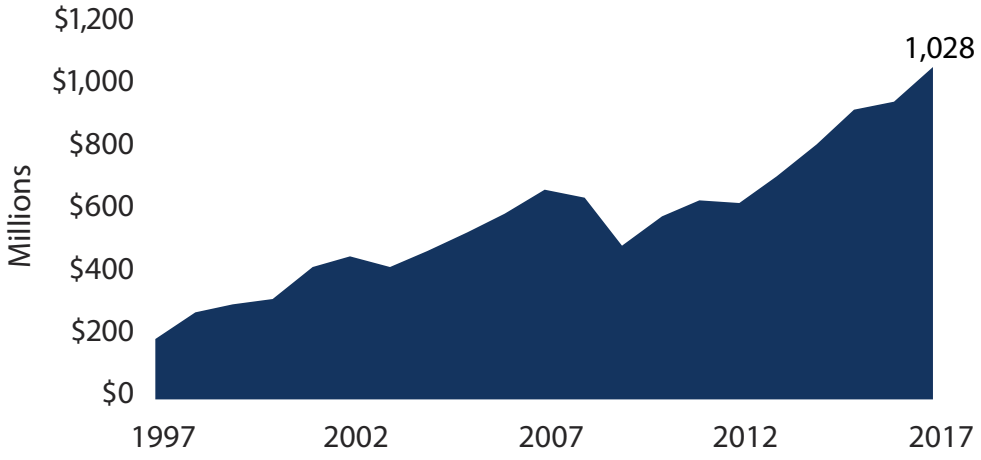
$387M
Distributed over the Past 15 Years

2nd - Highest Funds per Full-Time Equivalent Student among Canadian Universities*

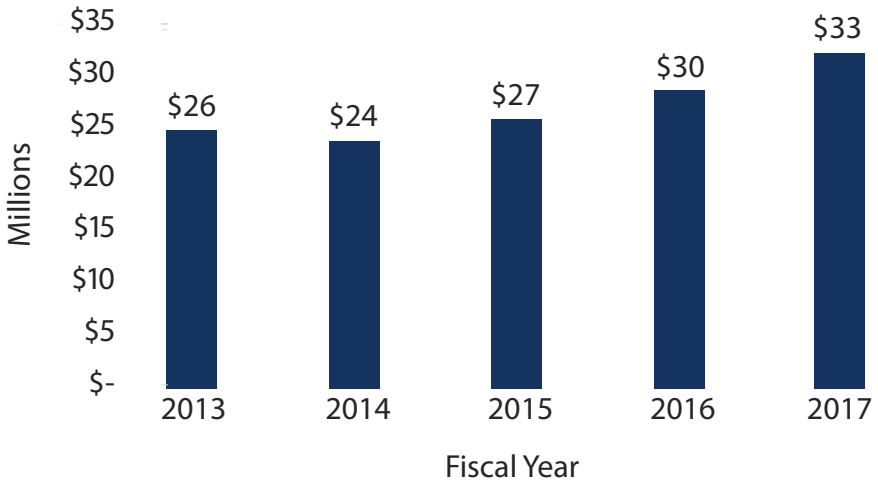
*Source: 2015 CAUBO Investment Survey (>5,000 students)

Market Value of the Endowment

(as of April 30, 2017, after distributions)



Endowment Payout



Fiscal year is from May 1 to April 30.

Thinking About Tomorrow

Robert Gilbert's colleagues and students in the Department of Geography and Planning thought of him as brilliant, enigmatic, and slightly quirky. What they didn't know was that he was also a generous philanthropist, quietly dedicated to preserving his department and his university.

When Dr. Gilbert died in 2015, he left his entire $3.6-million estate to the Department to create the Robert Gilbert Chair in Geography, which will be filled in time for the coming academic year.

The gift, made while he was still alive, was part of the Tomorrow Fund. As part of the estate-planning process, donors consider those parts of Queen's that are significant to them. Some, like Dr. Gilbert, create new funds to support new initiatives, while others direct their gifts to existing priorities. And many prefer to trust the University to apply their gift where it will do the most good.

Endowment Management

Overview

The Queen's Endowment consists of philanthropic gifts intended to support the University in perpetuity. Distributions from the fund support scholarships, research chairs, professorships and a diverse range of University programs. In accordance with donor directions, the Endowment aims to provide substantial income to support donor-specified priorities while preserving the real value of assets for future generations.

Investment Benefits

The Queen's Endowment provides professional stewardship of endowment gifts, and access to top tier investment managers around the globe.

The Endowment also benefits from low investment costs due to scale. Investment management fees are approximately 0.37%. This number excludes private equity and hedge funds, which are reported net of fees.

Spending Policy

The annual distribution is determined according to a smoothing formula designed to provide stable, inflation-adjusted income. The formula uses a long-term spending rate of 4.0% per annum combined with a smoothing rule that adjusts spending gradually to changes in endowment market value.

Management & Oversight

Endowment assets are managed under a rigorous governance structure, with oversight responsibility designated to the Investment Committee of the Board of Trustees. This committee recommends the policy asset mix to the Board of Trustees and develops ancillary policies as necessary. Endowment funds are invested in a diversified portfolio of assets designed to maximize long-term risk-adjusted returns, provide stable annual payouts to support donor-specified priorities, and preserve purchasing power for future generations. Endowment assets are managed with a careful emphasis on risk management, as well as a long-term focus.

Assets of the fund are externally managed by professional investment managers across a range of geographies and investment strategies. The Investment Committee, through Investment Services, establishes investment mandates with each external investment manager pursuant to the Board-approved Statement of Investment Policies and Procedures.

The Department of Investment Services manages the day-to-day investment activities of the fund in accordance with approved policies. This includes measuring performance against objectives, rebalancing between external managers and asset classes, researching investment opportunities, and performing ongoing due diligence.

Responsible Investing

The Queen's Endowment is managed in accordance with the Responsible Investing Policy, as approved by the Board of Trustees. For more information on the University's policies as they relate to Endowment management, please visit http://www.queensu.ca/investmentservices.

Investment Committee

(as of April 30, 2017)

Membership	Status
D. Janiec	Ex Officio
J. Leech	Ex Officio
D. Raymond	Ex Officio
D. Woolf	Ex Officio
L. Hannah	Appointed
L. Hansen	Appointed
J. Keohane	Appointed
S. Lawrence	Appointed
C. Lynch	Appointed
T. Mattina	Appointed
R. Prat	Appointed
G. Pugh	Appointed
E. Speal	Appointed
G. Steffensen	Appointed

Chair: J. Keohane

Vice-Chair: E. Speal

Secretary: B. O'Neill (Director, Investment Services)

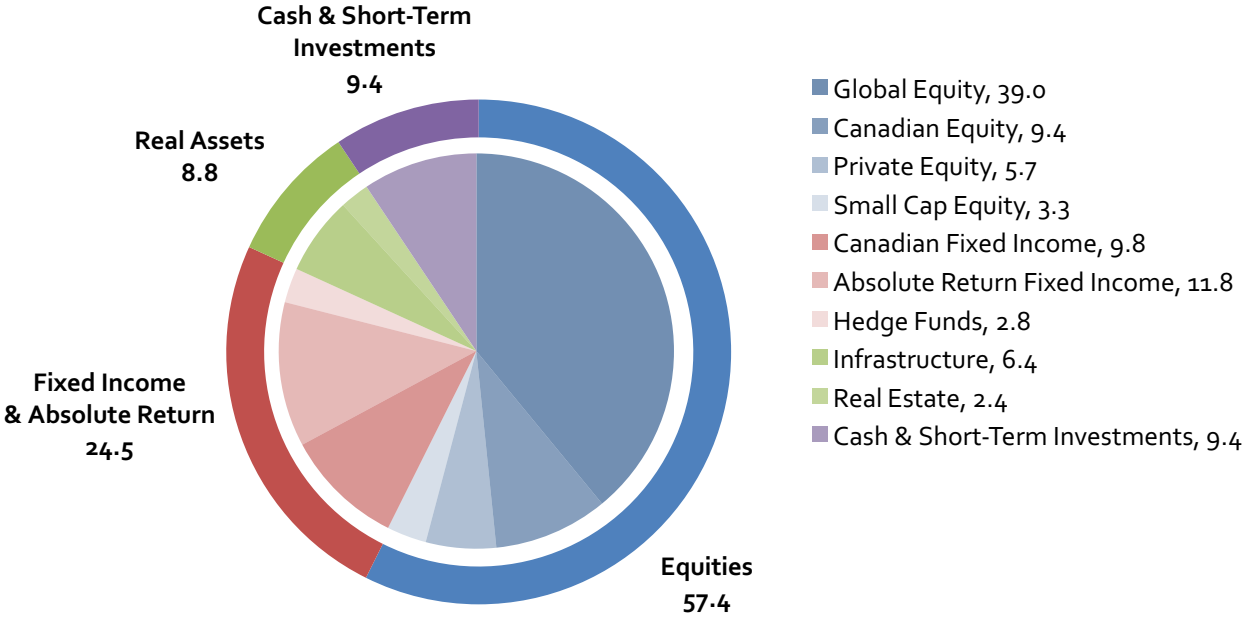
External Investment Managers

(as of April 30, 2017)

Asset Class	Investment Managers
Global Equity	Pier 21 | TD Asset Management
Canadian Equity	Burgundy Asset Management | TD Asset Management
Private Equity	17Capital | Commonfund | Hamilton Lane Kensington Capital | Northleaf Capital | Park Street Capital
Small Cap Equity	Fisher Investments
Fixed Income	BlackRock | PIMCO | TD Asset Management | Loomis Sayles | Sun Life
Hedge Funds	Kepos Capital | Private Advisors
Infrastructure	OMERS (Borealis Infrastructure)
Real Estate	OMERS (Oxford Properties)

Asset Mix (%)

(at April 30, 2017)



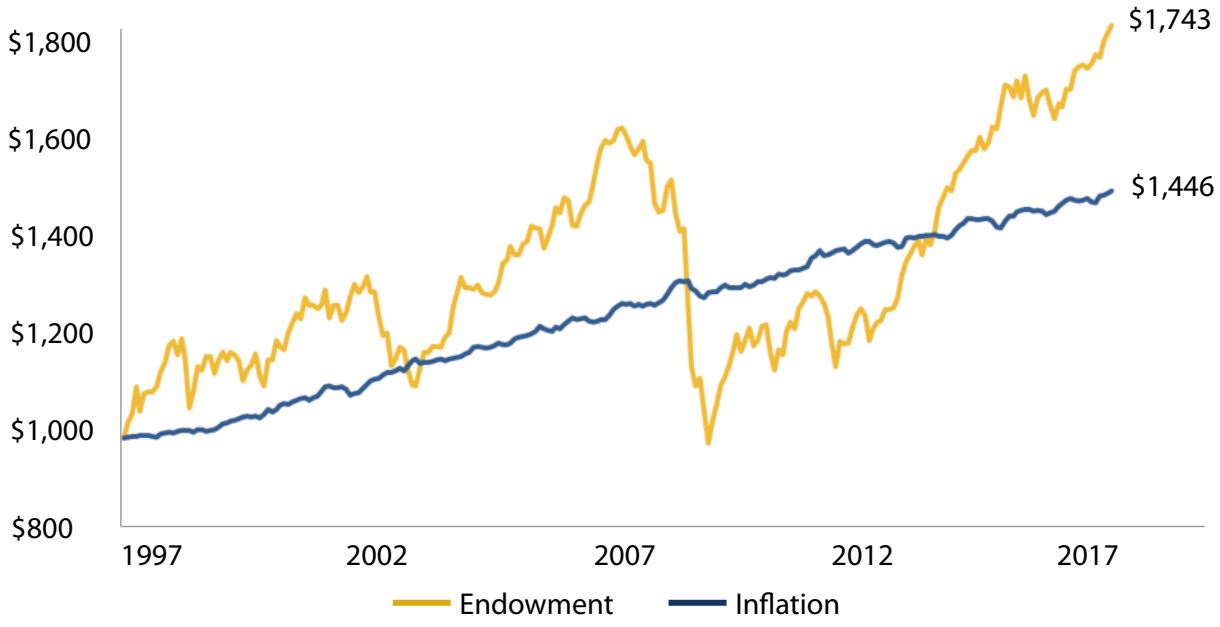
Investment Performance

Investment returns at April 30, 2017 are given below. Over the past 20 years, the Endowment Fund has returned an average of 8.2% per annum.

Period	Annualized Returns
1 Year	13.7%
5 Year	11.9%
10 Year	6.3%
15 Year	7.2%
20 Year	8.2%

Growth of $1,000 Invested in the Endowment Fund

(as of April 30, 2017, after distributions)



How to Give to Queen's

givetoqueens.ca
1-800-267-7837
(toll free in Canada and USA)

Additional Information

queensu.ca/investmentservices