

University of
Lethbridge



ENDOWMENT FUND

FISCAL PERIOD APRIL 1, 2023 – MARCH 31, 2024



What is the University of Lethbridge's endowment?

The endowment fund is a pool of investments comprised of individual endowment accounts that support a wide variety of needs at the University. When a donor makes an endowment gift to the University, those funds are invested in perpetuity. A portion of the income earned on these investments is allocated on an annual basis to support the designation defined by the donor.

These allocations:

- Support students through scholarships, bursaries and awards
- Support faculties by funding academic expenses
- Support teaching through Chairs and professorships
- Support research, athletics and the library

How is spending from an endowed account determined?

The current spending rate of 4.75 per cent is defined by the University of Lethbridge Endowment Management Policy. Distribution to each endowment account is based on the number of units each endowment holds in the overall endowment pool. The endowment fund is a unitized investment pool, and individual endowed account's share of the endowment is determined by the number of units "owned" by the account as a percentage of the total number of units in the pool.

Spending is calculated based on a percentage of the four-year rolling average market value of the endowment pool. Distribution to each endowment account is based on the number of units each endowment holds in the overall endowment pool on April 1 of each year.

Who manages the investments for the endowment?

The University's endowment is managed by professional, external investment managers in accordance with the University's Investment Management Policy and is monitored by the Finance Committee of the Board of Governors.

What are the performance goals of the endowment?

As a balanced investor, the University of Lethbridge aims to:

- Balance income with sufficient growth to preserve purchasing power of assets
- Maximize growth equal to or exceeding the rate of inflation over the investment time horizon
- Maintain a low to moderate tolerance for risk
- Accept short-term volatility to achieve better long-term returns
- Recognize the balance between income and future growth

How does stock market volatility affect the endowment fund?

Because the endowment is recorded at market value, the volatility of the stock market dictates the amount of return recorded in the endowment pool. However, the four-year rolling average used to calculate distributions helps stabilize the inevitable fluctuations of the investment marketplace in any one year.

How do we ensure the endowed fund continues to grow?

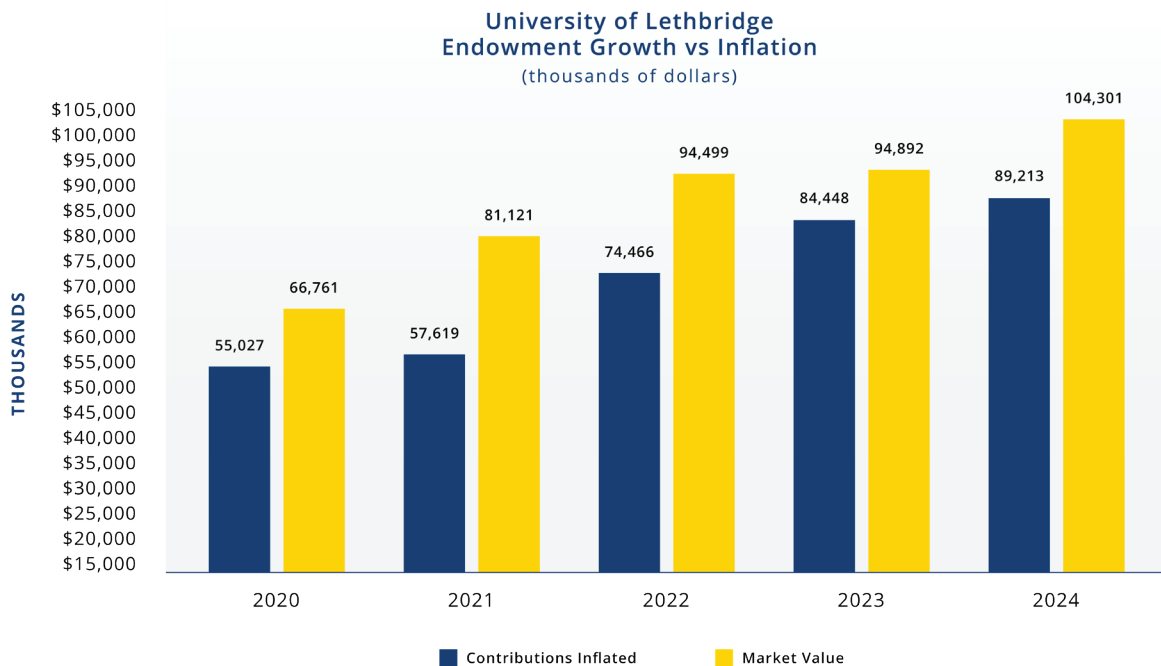
The concept of capital preservation is central to managing an endowment. To ensure continued growth and protect purchasing power of the original capital, a portion of the investment income is preserved to protect the value of the capital from inflation over the long term. In addition, where the amount allocated for

spending exceeds actual expenditures, the excess is added to the capital of the endowment, further protecting its purchasing power and helping ensure funding for future generations of faculty and students.

Are endowed funds subject to fees?

The University incurs costs to manage the investments of the endowed pool:

1. External investment management expenses of approximately 0.45 per cent of market value are netted against investment income. These costs include the fees of investment managers, custodial services and performance measurement.
2. The University charges the endowments with an annual internal administration charge of 1 per cent.



This graph demonstrates that endowment pool growth is greater than the contributions inflated by the consumer price index (CPI). The endowments are sustaining growth at a greater rate than inflation, protecting the purchasing power and ensuring funding for years to come.

Definitions

Market value: The value assigned to an endowment that would represent the current value if all investment attributable to the endowment were sold at the current market price.

Spending allocation: The annual disbursement of revenue generated from an endowment based on the number of units held and the current allocation rate.

Annual investment return: The amount earned on the whole endowment pool for the fiscal year.

Benchmark returns: The standard to which the investments are measured against.

Contributions: The annual contributions from donors, University matching funding, or other sources of funding.

Administration fee: Annual internal administration charge associated with the costs of administration, collection, accountability and stewardship of the endowments.

For more information on the ULethbridge Endowment Fund, please contact:

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This document references the Endowment Management Policy and the Investment Management Policy of the University of Lethbridge. These policies can be viewed at ulethbridge.ca/policy. Browse or feel free to contact the External Relations Office for copies.