To accompany the endowed account statement prepared for our donors, we provide an update on the assets and performance of the Endowment Fund. The assets of over 2,000 individual endowments are amalgamated in an investment pool and are invested in portfolios of stocks and bonds managed by specialty investment managers.

INVESTMENT
ENDOWMENT FUND ASSETS

The growth of the Endowment book value and market value over the last ten years is shown in Figure 1.

The total market value was $467.7 million as at fiscal year end of April 30, 2017. During the year ended on April 30, the Fund assets increased by $65.4 million from $402.3 million the year before as at April 30, 2016. The change in assets is made up of donations of $13.4 million less fund expenses of $1.9 million and increases due to strengthened market performance of $53.9 million.

The total book value was $270.6 million as at fiscal year end of April 30, 2017. The book value tracks the endowed capital which includes donations and matching funds.

The difference between market value and book value equals cumulative investment earnings net of cumulative withdrawals for endowed spending and fund investment expenses. Cumulative earnings are important for sustaining a consistent inflation-adjusted payout to the endowment beneficiaries over the long term, particularly during periods of down markets and significant volatility.
**STRATEGY**

**INVESTMENT STRATEGY**

The Fund’s investment strategy is contained in the Statement of Investment Policies and Procedures as approved by the Board of Governors. The Investment Committee of the Board is responsible for developing the strategy and selecting investment managers that align with the Fund objectives of preserving capital and sustaining a regular stream of distributions to endowment beneficiaries over the long term. The portfolios are managed with a conservative view of investment risk as managed principally through diversification among asset classes, investment managers and holdings. The Fund’s investment managers have been selected for their skill with a particular strategy and their ability to build portfolios that mitigate downside risk.

The Committee supports the integration of Environmental, Social and Governance (ESG) factors in the investment program. The Committee’s activities are detailed in the Annual Investment Report to the Board of Governors that can be found on the University’s Board of Governors website in the Investment section.

**ASSET ALLOCATION**

The Fund’s allocations in dollars and percentages as at fiscal year ended April 30, 2017 are shown in Figure 2.

![Asset Allocation Chart](image)
The Policy asset mix is determined through periodic asset-liability studies that focus on developing the allocation to best fit the Fund’s return objectives and spending requirements. The asset mix is a set of target allocations to specific equity, real assets and fixed income asset classes. The Endowment asset mix targets 65% in stocks (Canadian, U.S. Small-Mid Cap and Global), 5% in real estate (Canadian) and 30% in bonds (Canadian and Global High Yield).

**RESULTS**

**PERFORMANCE**

The Fund and performance benchmark returns for the one-year periods ended April 30 for the last ten years are shown in Figure 3.

The Fund annual rate of return of 17.2% as at April 30, 2017 trailed the performance benchmark return of 19.0%. Slight rising returns during the first four months of 2017 reflected a strengthening investment environment. Over the Fund’s 5-year and 10-year performance intervals to April 30, 2017, the annualized rate of return was 10.54% and 6.6% respectively.

![Endowment Fund Performance](image-url)

**Figure 3**
For questions or comments about this Endowment Financial Report, please contact:

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