



ANNUAL
ENDOWMENT
REPORT
2019







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Photo by Annalisa Boccia

Cover photo by Garrett Elliott



Jim Keohane
Chair, Queen's
Investment Committee

In managing the Queen's Endowment, the Investment Committee wants to ensure that donor support produces enough income to fund university programs such as scholarships, student assistance, academic chairs, and research. We also want to ensure that donor capital is maintained and grows sufficiently to maintain its purchasing power for future generations. That purchasing power can be eroded either by not keeping up with inflation or by experiencing drawdowns in the fund due to investment losses. This creates a challenging balancing act between taking enough investment risk to earn sufficient returns and keep up with inflation, while not exposing the Endowment to excessive risk.

Investment markets were very challenging in 2018. Interest rates were very low and we saw most global stock markets experiencing losses for the year. Entering the year, the Queen's Investment Committee viewed market valuations as being high and could see significant challenges on the horizon. Given this view, we positioned the portfolio defensively which allowed the Endowment to weather the stormy markets. While 2018 will not be viewed as a great year for investment returns, it can be considered successful in that our strategic positioning enabled the Board to maintain the spending rate on the Endowment in support of the university programs.



Jim Leech, MBA'73
Chancellor

The success of the Queen's Endowment is a testament to the collective generosity of our donors. This transformational support has allowed us to acknowledge academic excellence through scholarships, provide financial assistance through bursaries, develop and profile important research, and improve and support a multitude of essential university programs.

On behalf of Queen's, and as grateful stewards of your generosity, it is a privilege to share with you the university's Annual Endowment Report. As you read about the impact and success of the Endowment, I hope you share our sense of pride as we continue to enhance the overall experience for our students, and ensure their future success as the leaders of tomorrow.



Queen's
UNIVERSITY

Impact of the Endowment



Julia Carver, Class of 2019
Recipient of a prestigious
endowed scholarship
Hometown: Halifax, Nova Scotia

Life-changing Opportunities

This scholarship provided me with the financial means to study at this amazing university and I cannot possibly express the extent of my gratitude for having the opportunity to be a member of the Queen's family. It has also allowed me to grow as a person and fully pursue the academic subjects about which I am passionate. It's allowed me to get involved in the campus life, such as the Queen's International Affairs Association and the Queen's Female Leadership in Politics Club. I am so grateful to have been given this life-changing opportunity and, thanks to donor support, I have found a second home.



Ground-breaking Research

As the Paul B. Helliwell Chair in Orthopaedic Research, I've had the privilege of taking part in ground-breaking research and projects related to musculoskeletal health, biomechanics, human mobility, and computer-assisted surgery.

I've also had the opportunity to mentor and train students completing their orthopaedic residency. The creation of this research chair was made possible due to donor support and it has brought considerable profile to the Orthopaedic program at Queen's.



Dr. David Pichora
Paul B. Helliwell Chair in
Orthopaedic Research



Shrisha Mohit
Masters student and recipient of an
endowed graduate fellowship
Hometown: Curepipe, Mauritius

Boosted Confidence

As a graduate student, receiving support allowed me to dedicate more time and resources toward my research project and the courses that will help me strengthen my research skills. It boosted my motivation and confidence in striving for excellence. Receiving a fellowship was a reminder that I should not discount my past experiences, but instead use them to enrich my current role and contribution within my laboratory and department.



Endowment Overview

The Queen's Endowment consists of philanthropic gifts intended to support the university in perpetuity. 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. Distributions from the fund support scholarships, research chairs, professorships, and a diverse range of university programs.

SPENDING POLICY

A smoothing formula, designed to provide stable, inflation-adjusted income, is used to determine the annual distribution of the Endowment. 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

The Investment Committee of the Board of Trustees maintains oversight responsibility for all Endowment assets, recommends the policy asset mix, and develops ancillary policies as necessary.

Queen's employs a variety of external investment managers with areas of specialization across a range of strategies, with a careful emphasis on risk management, as well as a long-term focus. Due to the scale of the Endowment, it benefits from low investment costs, with management fees at approximately 0.36%, excluding private equity and hedge funds, which are reported net of fees.

The Department of Investment Services at Queen's manages the day-to-day investment activities of the Endowment in accordance with approved policies. This includes working closely with the Investment Committee on investment matters and implementing committee directives; conducting ongoing due diligence on external investment managers; researching investment opportunities; measuring performance against objectives; and recommending changes in manager structure and investment policy.

Investment Benefits

- 4.0% target payout rate
- Preservation of purchasing power for future generations
- Access to top-tier investment managers around the globe
- Low investment fees due to the large size of the fund

Responsible Investing

The Queen's Endowment is managed in accordance with the Responsible Investing Policy, as approved by the Board of Trustees. Decisions pertaining to Responsible Investing must be guided by the fiduciary responsibilities of the Board of Trustees to ensure the prudent investment of the university's assets. We believe that awareness and the effective management of environmental, social, and governance (ESG) related risks and opportunities may improve the long-term financial performance of the companies concerned. Consequently, the Investment Committee requires external investment managers to take due regard of ESG issues in making investment decisions.

We also believe that corporate engagement activities (such as letters to management and voting of proxies) can be effective when dealing with ESG issues. As such, each external investment manager is asked to engage where appropriate and to regularly provide extensive reporting on their ESG activities to support ongoing due diligence. As evidence of this engagement, the majority of Queen's external investment managers are signatories to the United Nations-supported Principles for Responsible Investment (UNPRI). As signatories, they commit to assessing ESG factors in the context of investment decisions as represented by the six principles of the UNPRI.



INVESTMENT COMMITTEE MEMBERS

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 (Chair)	Appointed
S. Lawrence	Appointed
C. Lynch	Appointed
T. Mattina (Vice-Chair)	Appointed
G. Pugh	Appointed
G. Steffensen	Appointed
B. O'Neill	Secretary

EXTERNAL INVESTMENT MANAGERS

Asset Class	Investment Membership
Canadian Equities	Burgundy Asset Management TD Asset Management
Global Equities	Pier 21 (sub-advised by Macquarie) TD Asset Management
Small-Cap Equity (US)	Fisher Investments
Fixed Income	BlackRock Loomis Sayles PIMCO Sun Life TD Asset Management
Private Equity	17 Capital Commonfund Capital Hamilton Lane Kensington Capital Partners Northleaf Capital Partners Park Street Capital
Real Estate	OMERS (Oxford Properties)
Infrastructure	OMERS Infrastructure

Endowment Highlights (as of April 30, 2019)



7.4%

Annualized
Return
over the past 20 years

**\$422
million**

Distributed
over the past 15 years

2ND

**\$1,137
million**

Total Assets

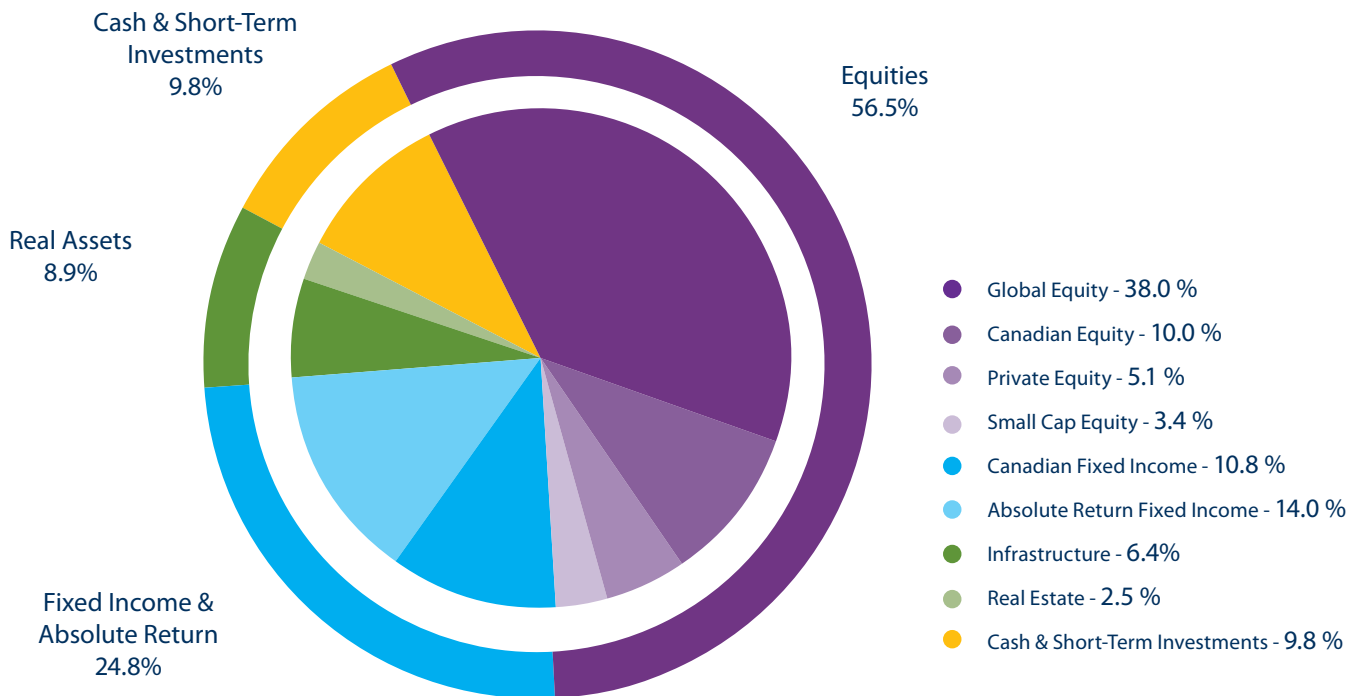
2,530

Endowment
Funds

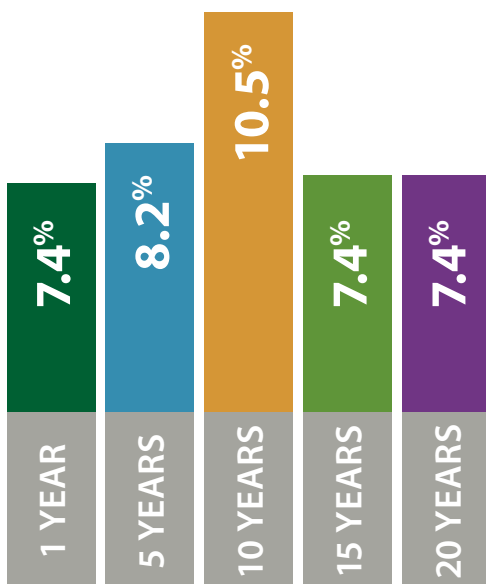
Highest
Funds
per full-time equivalent
student among Canadian
universities*

*Source: 2017 CAUBO Investment
Survey (>5000 students)

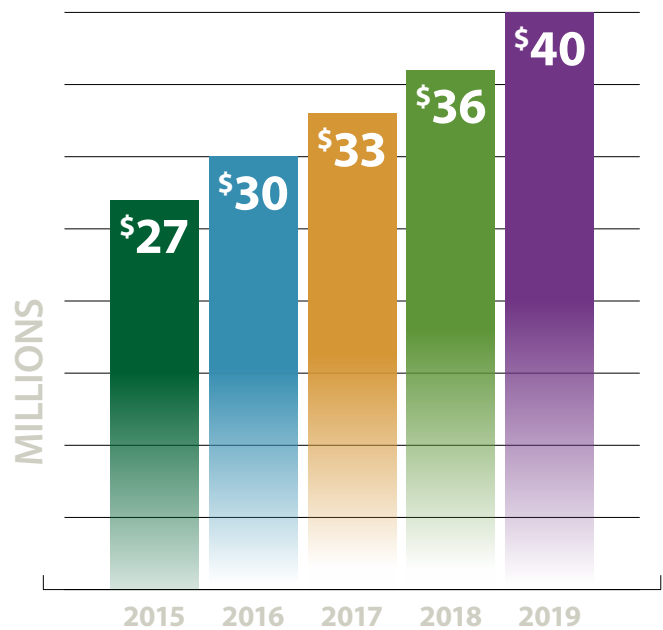
Asset Mix (%)



Investment Performance (Annualized)



Payout



Payout excludes funds withdrawn to support university operations.
Fiscal year is from May 1 to April 30.

Impact of the Endowment (cont.)



Kasmet (Sci'11) and Jessica Niyongabo
Supporters of an endowed fund
through estate plans

Planning for the Future

Jess and I chose to make Queen's part of our legacy and take action to help students reach their educational goals. Completing my undergrad at Queen's was a transformational experience. Years later, I can still remember how much every bursary helped. We believe that no talented person should be held back simply due to lack of financial means. Education has been the best investment Jess and I have made, and it is our honour and privilege to give back to the Queen's community.



Paying it Forward

Receiving this award has made all the difference in my life. It has been no small feat for my family to support both my university education and my brother's. This weighed heavily on my mind. Receiving this award relieved my stress and has allowed me the freedom to focus on my academics, which has helped me to perform better in all my classes. It has also enabled me to explore my interests without worry. There is no better way to express my gratitude than by promising to one day make a similar impact for another student.



Edward Yuan, Class of 2021
Recipient of an endowed financial
assistance bursary
Hometown: Surrey, British Columbia



Dr. Mohamed Khimji
Inaugural Appointee of the endowed
David Allgood Professorship

Unique Opportunities for Students

Being appointed as the inaugural David Allgood Professor in Business Law has enabled me to provide leadership to our Business Law Program by raising its research profile, developing new courses, and experiential learning opportunities, and hosting leading lawyers and academics from across North America. These unique opportunities for our students have taken our program to new heights and this professorship exists thanks to the generosity of donors.





Thank You

Continued support for the Queen's Endowment allows us to ensure the stability and growth of the university. The income generated supports our researchers and students, equips them to excel and thrive, and allows Queen's to remain an institution of excellence for future generations of leaders.



How to Give to Queen's

givetoqueens.ca

1-800-267-7837

(toll free in Canada and the USA)

Learn more about the Queen's Endowment

queensu.ca/investmentservices