

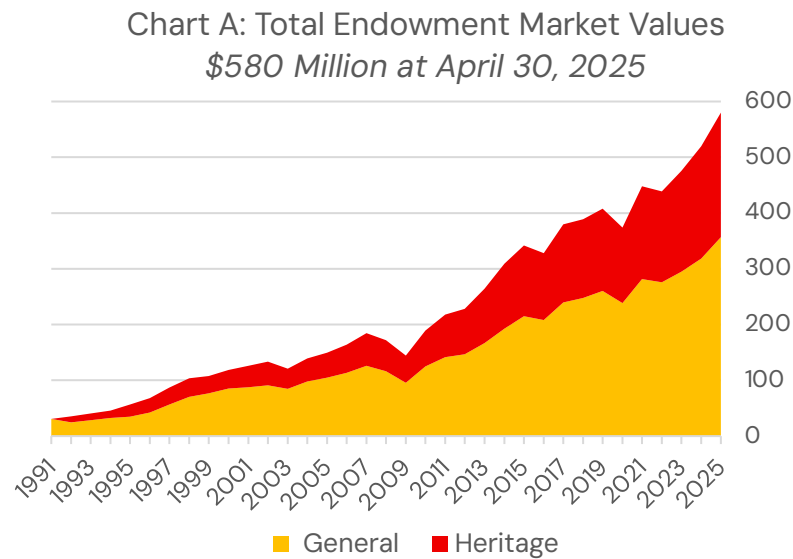


ENDOWMENT FUND ANNUAL REPORT

April 30, 2025

1. The University Endowment Portfolio

The University of Guelph endowment portfolio is divided into two major designations; the General Endowment Fund (GEF) of \$356.7 million and the Heritage Endowment Fund (HEF)¹ of \$223.4 million. Since 1990 the University's total endowments have grown to \$580 million by April 30, 2025 (refer to Chart A). Growth is the result of both contributions and investment returns, net of spending for designated purposes. Contributions to University endowments are derived from a variety of sources including donations, governments and internal University sources such as income derived from certain real properties. Disbursements from endowments totaled \$11.5 million in the 2025 fiscal year. Spending was for targeted purposes that include student assistance, faculty chairs, research and infrastructure support.



¹ Refer to Section 5 for more details of each of these major designations.

2. Endowment Governance and Oversight

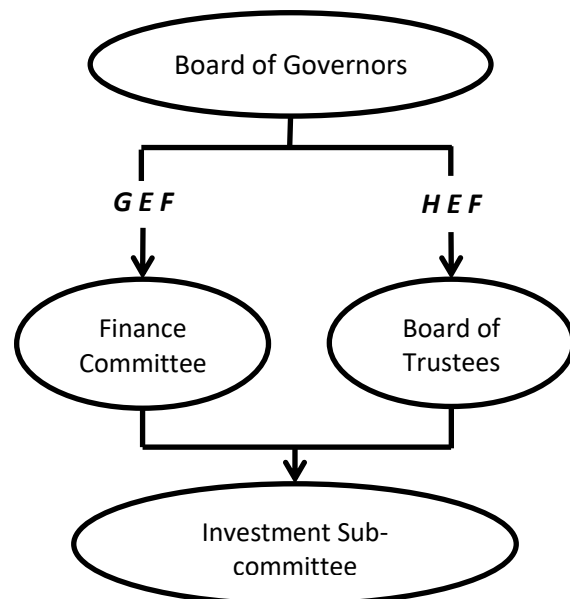
The University's Board of Governors (the "Board") is responsible for the oversight of both the investment management and spending authority of University Endowment Funds. The Board in turn has delegated operational oversight for the General Endowment Fund to the Finance Committee and for the Heritage Endowment Fund to a Board of Trustees. Responsibility for investment management for all Endowment Funds has been delegated to an Investment Sub-committee. (Refer to adjacent chart and the committee's [terms of reference](#)).

The majority of the Investment Sub-committee's membership are individuals with proven expertise in the investment concepts and activities that are applicable to public sector organizations such as a university. The committee's major responsibility is to ensure the effective implementation of the Board-approved investment strategy and policies, including those relating to responsible investing. Key activities include regular monitoring of fund assets and performance, oversight and selection of portfolio managers, ongoing development of the investment policy and asset mix and regular reporting to the Board of Governors. These activities are conducted mainly through quarterly meetings during which they review the investment performance updates, meet with selected fund managers, consult subject matter experts, and review strategies.

In fulfilling its responsibilities, the Investment Subcommittee is supported by University administration and independent external experts and consultants where additional expert knowledge is required or where a perceived or actual conflict of interest exists. For instance, a consulting firm has been engaged to help monitor our existing managers in terms of their performance, ranking, management team and various quantitative and qualitative matters related to their mandates. A detailed report is presented to the committee on an annual basis in addition to the ongoing monitoring.

The investments activities for all Endowment Funds are established under a Board of Governors approved [Endowment Investment Policy](#). Under this policy the endowment investment portfolio is allocated among prescribed asset classes such as Canadian and global equities as well as fixed income investments including cash and government and

Governance of Endowment Funds



corporate bonds. The policy is reviewed annually to ensure that it is current and meeting the objectives set by the Board of Governors for endowment management. Major objectives of the policy are to ensure the transparency and accountability of the Board's oversight of assets as well as to provide an investment framework that balances endowment objectives with investment market opportunities.

Regardless of funding source or purpose, in managing all endowments, the University's primary objective is to maintain the real (inflation protected) long-term spending capacity of each endowment. To achieve this objective, a disciplined long-term spending rate is set that balances capital protection with current spending demands. The Board of Governors has established policies and a governance structure that ensures the necessary oversight is in place to realize this outcome. While both of the University's major endowments (General and Heritage) have different spending policies, they both share this fundamental principle.

3. Investment Performance for 2024-2025

Market Review

Despite a chaotic April following the so-called Liberation Day Tariffs in the United States, most of the asset classes in our endowment funds still delivered strong performance. The global public equities, as represented by the MSCI ACWI Net Return Index, achieved a 12.5% annual return in CAD during this period, with all major markets delivering double-digit returns, and most notably a 17.8% return for the Canadian market.

The FTSE Canada Universe Bond Index total return was up 9.1% as capital gains resulted from declining bond yields were added to the interest income from the bond investments.

The U.S. dollar ('USD') vs Canadian dollar ('CAD') exchange rate reverted to its beginning of the year level of 1USD= 1.38CAD at the end despite the ups and downs during the year.

Fund & Asset Class Returns

Both GEF and Heritage investment funds are held by CIBC Mellon, the custodian appointed by the University, with performance measurement service being provided by BNY Mellon. The University's sinking funds and a part of expendable funds are also invested in the same investment pool.

For the fiscal year May 1, 2024 to April 30, 2025, the endowment investment pool recorded a gross return of 10.6%, slightly underperforming its benchmark by 0.4%.

Asset Class	Endowment	Benchmark	Relative
Canadian Equity	13.4%	17.8%	-4.4%
US Equity	11.8%	12.7%	-0.9%
EAFE Equity	11.0%	13.2%	-2.2%
Emerging Market Equity	10.2%	10.2%	0.0%
Fixed Income	9.4%	9.1%	0.3%
Infrastructure	10.4%	6.7%	3.7%
Real Estate	2.0%	2.8%	-0.8%
Total Fund	10.6%	11.0%	-0.4%

The table below illustrates the performance for the past 10 years on both gross and net basis.

Annualized Rate of Return (Years ended April 30th)				
	1 year	3 year	5 year	10 year
Endowment Return (Gross)	10.6%	9.6%	9.4%	6.2%
Endowment Return (Net*)	10.2%	9.2%	8.9%	5.7%
Benchmark Return	11.0%	8.5%	8.3%	6.7%
Relative Return (Gross)	-0.4%	1.1%	1.1%	-0.5%
Relative Return (Net)	-0.8%	0.7%	0.6%	-1.0%
* Return net of all external investment management expenses for the total endowment investment pool				

Asset Allocation

The University has established a target asset mix for the endowment fund portfolio which ensures investments are diversified across a broad range of asset classes and geographies with majority in public equity holdings.

The table below shows the policy asset mix for the endowment fund vs its actual asset mix as of April 30, 2025.

Asset Classes	Benchmark Index	Policy Mix	Actual Mix	Permitted Ranges	
				Min.	Max.
Fixed Income	FTSE Canada Universe	27.0%	27.4%	22.0%	32.0%
Cash	FTSE Canada 91 Day T-Bill	0.0%	0.9%	0.0%	20.0%
Total Fixed Income		27.0%	28.3%	22.0%	50.0%
Infrastructure	CPI+5%	7.5%	6.4%	0.0%	10.0%
Real Estate	MSCI/REALPAC	7.5%	4.8%	0.0%	10.0%
Total Real Assets		15.0%	11.2%	5.0%	20.0%
Canadian Equities	S&P/TSX Composite	9.0%	10.4%	4.0%	14.0%
U.S. Equities	S&P 500 (CAD)	20.0%	19.7%	15.0%	25.0%
International Equities	MSCI EAFE Net (CAD)	20.0%	21.2%	15.0%	25.0%
Emerging Markets	MSCI EM (CAD)	9.0%	9.2%	4.0%	14.0%
Total Equities		58.0%	60.5%	48.0%	68.0%

4. Responsible Investing Activities

During 2024–2025 fiscal year, we continued working to implement the April 2020 Board’s resolution and achieved fossil free for the total Endowment Fund (the “Fund”) according to the mandated five–year timeline. We also continued measuring the carbon metrics of the Fund while exploring how to set longer term climate targets.

Fossil Fuel Divestment Completed

As of March 31, 2025, all the assets in the Fund are managed under fossil free mandates, achieving the Board resolution on fossil free over a five–year period.

The Board’s resolution on divestment of fossil fuels has the following major components:

1. Commitment to divestment from ownership of fossil fuels over a 5–year period beginning April 2020;
2. Ownership of fossil fuels defined as the ownership of companies which hold fossil fuel reserves; and

3. An exception process for investments that are specifically in support of the transition to a low carbon economy and otherwise consistent with the University's investment beliefs.

The Board's definition of fossil fuels in this case is in line with the MSCI ACWI ex Fossil Fuels Index. This index is based on the MSCI ACWI Index, its parent index, and includes large and mid-cap stocks across 23 Developed Markets and 24 Emerging Markets countries

With 2403 constituents compared to 2558 in its parent index as of Apr. 30, 2025, the ex-Fossil index matched and slightly outperformed MSCI ACWI with similar risk/return characteristics since its inception in 2010.

Below is a snapshot taken from MSCI index factsheet link: [MSCI ACWI ex Fossil Fuels Index](#).

INDEX PERFORMANCE – NET RETURNS (%) (APR 30, 2025)									FUNDAMENTALS (APR 30, 2025)			
	1 Mo	3 Mo	1 Yr	YTD	ANNUALIZED				Div Yld (%)	P/E	P/E Fwd	P/BV
					3 Yr	5 Yr	10 Yr	Since Nov 30, 2010				
MSCI ACWI ex Fossil Fuels	1.33	-3.89	12.76	-0.62	10.44	12.87	8.91	9.70	1.85	20.88	17.55	3.26
MSCI ACWI	0.93	-3.64	11.84	-0.40	10.27	13.07	8.63	9.20	1.95	20.24	17.16	3.06

INDEX RISK AND RETURN CHARACTERISTICS (NOV 30, 2010 – APR 30, 2025)												
	Beta	Tracking Error (%)	Turnover (%) ¹	ANNUALIZED STD DEV (%) ²			SHARPE RATIO ^{2,3}			Since Nov 30, 2010 (%)	MAXIMUM DRAWDOWN	
				3 Yr	5 Yr	10 Yr	3 Yr	5 Yr	10 Yr		Period YYYY-MM-DD	
MSCI ACWI ex Fossil Fuels	0.99	0.92	2.73	15.69	15.46	14.84	0.44	0.69	0.52	0.63	33.00	2020-02-12–2020-03-23
MSCI ACWI	1.00	0.00	2.60	15.46	15.25	14.82	0.43	0.71	0.50	0.59	33.74	2020-02-12–2020-03-23

¹ Last 12 months ² Based on monthly net returns data ³ Based on NY FED Overnight SOFR from Sep 1 2021 & on ICE LIBOR 1M prior that date

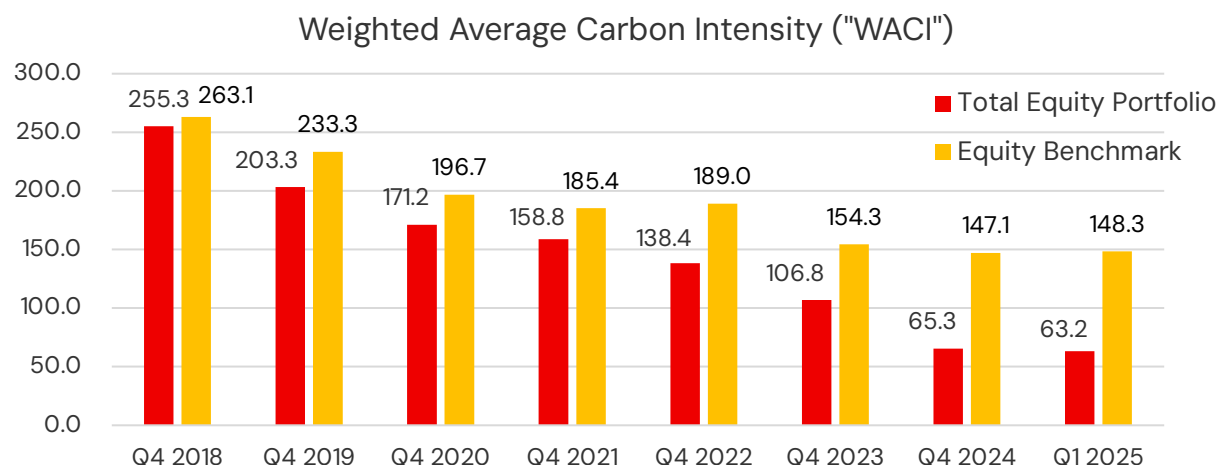
Based on definition in the Board's resolution, we don't believe the exclusion of ownership of fossil fuel reserves has material impact on performance.

Carbon Footprint/Intensity & ESG Tracking

We began tracking carbon footprint of the public equity portfolio at the end of 2018, with a two-year initial goal of cutting the carbon footprint by 10% to 164.6 which was achieved. The Carbon Footprint was defined as tons of scope 1 and 2 emissions per USD million invested.

The measurement used in our two-year commitment as defined above was in line with the general practice at the time. Currently the weighted average carbon intensity metric ("WACI"), recommended by the Task Force on Climate-related Financial Disclosures ("TCFD"), is widely used to measure a portfolio's exposure to carbon-intensive companies, expressed in tons of emission per USD million revenue. We are currently tracking both carbon metrics, with a focus on WACI.

The graph below shows the WACI measurement for both the public equity portfolio of the Fund and its benchmark since 2018 based on MSCI data.



Since we began monitoring at the end of 2018, the overall ESG rating for the endowment public equity portfolio has gradually improved from BBB category to the A and AA categories, with the most recent score at the lower end of the AA ranking range. For further info please review [MSCI ESG ratings page](#).

5. Endowment Fund Spending and Disbursements

As noted, the University of Guelph endowments consist of two major designations: the General Endowment Fund and the Heritage Endowment Fund. The GEF is a collection of many different external or non-operating funding sources that are restricted or designated to provide long term financial support for a specific purpose. In contrast, the main sources of growth for the Heritage Endowment Fund are the proceeds of sales and leases from Board-designated University properties.

In both funds, reinvested investment income earned on the capital of the fund provides a major source of asset growth. The table below summarizes the major funds flows both in and out of the endowment funds over the past five years. Disbursements from the Heritage Fund have primarily been used to support strategic capital and digital infrastructure projects.

Summary of Changes to Endowment Funds					
<i>\$ millions</i>	2021	2022	2023	2024	2025
Disbursements from GEF Endowments	6.5	7.3	7.8	8.9	9.2
Disbursements from the Heritage Fund	0.6	6.1	0.0	1.6	2.3
Expenses (includes external investment management and internal administrative fees)	3.9	4.7	5.1	5.2	5.1
Total Expenses and Disbursements	11.0	18.1	12.9	15.7	16.6
New Contributions to Endowments	9.5	10.7	10.9	11.3	18.7
Investment Income	75.4	-1.9	39.2	48.6	58.0
Total Income and Contributions	84.9	8.8	50.1	59.9	76.7
Total Fund Assets	447.9	438.6	475.8	520.0	580.1
<i>GEF Net Investment Return (net of all external and internal fees)</i>	18.4%	-2.1%	7.1%	8.3%	9.1%

The following two sections provide more details on both the Heritage and General Endowment Funds at the University of Guelph.

The General Endowment Fund (\$357 million)

The University of Guelph's General Endowment Fund (GEF) consists of funds from external or non-operating sources that are restricted or designated to provide long term financial support for a specific purpose. A large majority of GEF funds are allocated for student assistance in the form of scholarships and bursaries. Other designations include research support, equipment or library acquisitions, special academic activities such as endowed faculty positions and on-going support toward the operating costs of academic facilities. While the GEF is invested as part of total University Endowment portfolio, each designation or restriction (e.g., donor agreement) is accounted for separately within the University's financial systems. There are currently over 1,200 of these accounts within the GEF where the capital, investment income and expenses are recorded.

Over the past five years the GEF, which comprises two thirds of total University endowments, has grown from \$238.8 million to \$356.7 million. This reflects the combined effect of total contributions into the fund of \$37.8 million, disbursements out of the fund of \$39.7 million and accumulated investment earnings. The Board of Governors approved policy permits a maximum spending from each donor-designated account of 5% of the most recent four-year average of the fund's value in any year. Spending is further limited to protect the donated capital. For 2024-2025, the spending rate was maintained at 3.5% by the University. Annual net investment earnings after spending accumulate in each account, growing that endowment's value and protecting long-term spending stability. The following table provides context on spending from the GEF relative to student assistance. In 2025, GEF spending has increased as endowments have grown from both recent investment

gains and additional contributions. The spending or “pay-out” policy is documented in [General Endowment Fund Management Policy](#).

History of Spending from the GEF (at April 30)					
\$ millions	2021	2022	2023	2024	2025
Scholarships and Bursaries	5.2	6.0	6.5	6.6	7.0
Other Designations	1.3	1.3	1.3	2.3	2.2
Total Spending from Endowments	6.5	7.3	7.8	8.9	9.2
GEF Policy Spending Rate	3.5%	3.5%	3.5%	3.5%	3.5%
Total University Spending on Student Scholarships and Bursaries (all sources, excluding University of Guelph-Humber)	52.3	51.5	50.9	45.2	48.4
% Total University Spending on Student Scholarships and Bursaries from Endowments	9.8%	11.4%	12.6%	14.3%	14.1%

The Heritage Fund (\$223 million)

The Heritage Endowment Fund (HEF) was created in 1991 by the Board of Governors through a declaration of trust with the intention that the capital of the fund be held in perpetuity for university strategic purposes. The main sources of growth for the fund are the proceeds of sales leases from Board-designated University owned properties and investment income earned on the capital of the fund.

Distributions for spending from the Heritage Fund endowment are made in accordance with a formula prescribed in the trust agreement. The formula is based on a five-year average of market returns after providing for inflation protection and growth. Investment oversight of the fund was delegated by the Board of Governors to a Board of Trustees ([Reference Link](#)).

The distribution of funds for spending from the Heritage Fund currently contains two designations; The Keefer Fund designated for agricultural purposes (\$17.2 million) and the balance of (\$206.2 million) which is directed toward major strategic initiatives. Since its creation in 1991 with total initial capital of \$10 million, the total Heritage Endowment Fund has grown to \$223.4 million while having provided \$72 million for major University strategic purposes, including major information technology systems and capital infrastructure projects.