

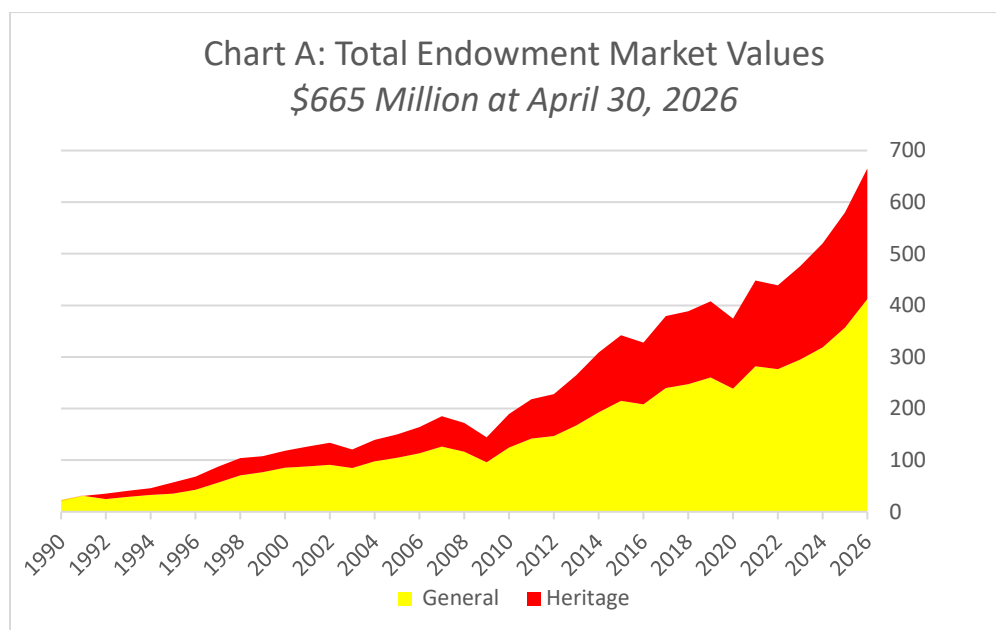


ENDOWMENT FUND ANNUAL REPORT

April 30, 2026

1. The University Endowment Portfolio

The University of Guelph endowment portfolio is divided into two major designations; the General Endowment Fund (GEF) of \$412.3 million and the Heritage Endowment Fund (HEF)¹ of \$253.0 million. Since 1990 the University's total endowments have grown to \$665 million by April 30, 2026 (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 \$16.9 million in the 2026 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

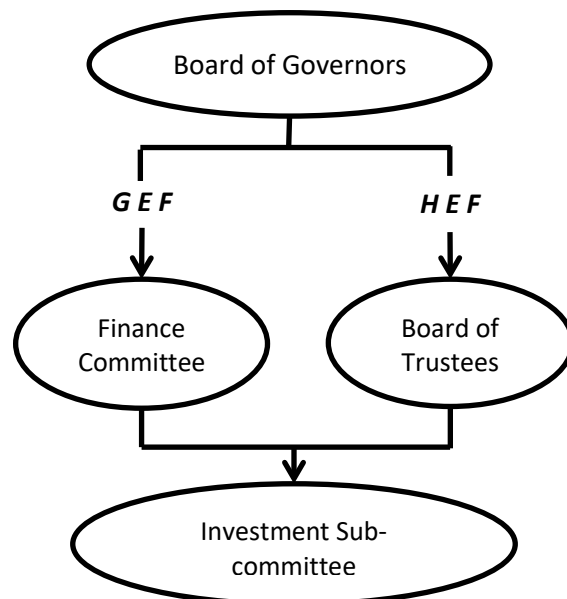
The University's Board of Governors (the "Board") is responsible for the oversight of both the investment management and spending authority of University Endowment Funds. The Board in turn has delegated operational oversight for the General Endowment Fund to the Finance Committee and for the Heritage 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 regular 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 investment 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 2025–2026

Market Review

Global equity markets delivered strong gains over the twelve months ending April 30, 2026, despite periods of volatility driven by a range of factors, including geopolitical events, energy shock, and shifting interest-rate expectations. Investor sentiment was supported by resilient economic growth, solid corporate earnings, the continued expansion of artificial intelligence-related investment and broadening of market leadership beyond US mega-cap stocks. Against this backdrop, the MSCI All Country World Index (ACWI) generated a return of 29.1% in CAD, reflecting positive contributions from both developed and emerging equity markets. Both Canadian and emerging market equities were particularly strong performers, each generating returns in excess of 40%.

The FTSE Canada Universe Bond Index total return was up 1.6%, as interest income from bond holdings was partially offset by capital losses resulting from rising yields.

The U.S. dollar ('USD') vs Canadian dollar ('CAD') exchange rate ends the year at 1USD= 1.36CAD vs its beginning of the year level of 1USD= 1.38CAD.

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, 2025 to April 30, 2026, the endowment investment pool recorded a gross return of 16.6%, underperforming its benchmark by 2.1%.

Asset Class	Endowment	Benchmark	Relative
Canadian Equity	12.0%	40.1%	-28.1%
US Equity	29.7%	29.1%	0.6%
EAFE Equity	17.7%	22.8%	-5.1%
Emerging Market Equity	40.1%	45.4%	-5.3%
Fixed Income	2.7%	1.6%	1.1%
Infrastructure	10.3%	7.8%	2.5%
Real Estate	4.4%	2.8%	1.6%
Total Fund	16.6%	18.7%	-2.1%

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)	16.6%	12.3%	8.8%	8.1%
Endowment Return (Net*)	16.1%	11.8%	8.3%	7.6%
Benchmark Return	18.7%	12.7%	8.6%	8.7%
Relative Return (Gross)	-2.1%	-0.4%	0.2%	-0.6%
Relative Return (Net)	-2.6%	-0.9%	-0.3%	-1.1%
* 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, 2026.

Asset Classes	Benchmark Index	Policy Mix	Actual Mix	Permitted Ranges	
				Min.	Max.
Fixed Income	FTSE Canada Universe	4.5%	25.8%	3.0%	10.0%
Cash	FTSE Canada 91 Day T-Bill	0.0%	0.1%	0.0%	20.0%
Multi-Asset Credit		12.5%			
Private Credit		10.0%			
Total Enhanced Yield	Custom benchmark	22.5%		15.0%	27.5%
Total Fixed Income		27.0%	25.9%	22.0%	50.0%
Infrastructure	CPI+4%	10.0%	6.6%	5.0%	15.0%
Real Estate	Custom benchmark	10.0%	6.0%	5.0%	15.0%
Total Real Assets		20.0%	12.6%	10.0%	30.0%
Canadian Equities	S&P/TSX Composite	5.0%	8.0%	2.0%	8.0%
U.S. Equities	S&P 500 (CAD)	20.0%	21.7%	15.0%	30.0%
International Equities	MSCI EAFE Net (CAD)	20.0%	21.0%	15.0%	25.0%
Emerging Markets	MSCI EM (CAD)	8.0%	10.8%	4.0%	12.0%
Total Equities		53.0%	61.5%	43.0%	63.0%

The Policy Mix in the table above was updated following a recent asset allocation study and approved by the Board on Oct. 22, 2025. The Investment Subcommittee and management are working to implement the new policy mix, which includes the following key changes:

- A more diversified fixed income portfolio, incorporating Multi-Asset Credit and Private Credit alongside core fixed income;
- An increase in the allocations to Infrastructure and Real Estate from 7.5% to 10.0% each, representing a total increase of 5.0% in real assets exposure;
- A 5.0% reduction in overall public equity allocation, primarily through a lower allocation to Canadian Equities.

Per the Endowment Investment Policy, a review of the asset mix shall normally be conducted every five years. The review is typically supported by a comprehensive asset allocation study conducted by an independent investment consulting firm. The purpose of the study is to determine an appropriate long-term strategic allocation that is aligned with

the endowment funds' investment objectives, spending requirements, risk tolerance, liquidity needs, and investment horizon, recognizing the perpetual nature of the endowments.

Using long-term capital market assumptions and portfolio modeling techniques, the study evaluates a range of alternative asset mix structures and recommends a strategic asset allocation that is expected to achieve the Fund's objectives while balancing capital preservation and growth.

The Investment Subcommittee reviews and discusses the various asset mix alternatives presented in the study. This process typically involves multiple iterations before a final asset mix recommendation is adopted and incorporated into the Investment Policy for Board approval. Over time, the policy asset mix has evolved to include newer asset classes such as infrastructure, real estate and private credit.

4. Responsible Investing Activities

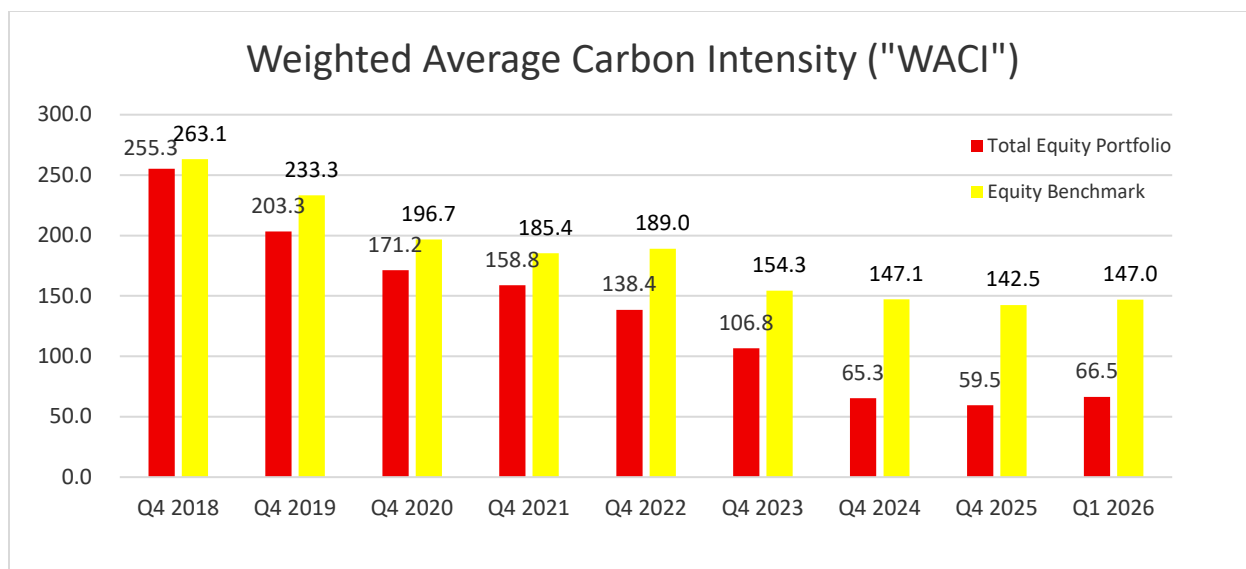
During the 2025–2026 fiscal year, while maintaining the fossil-free status of the total endowment investment pool, we also continued to measure and monitor its carbon metrics and took initial steps towards setting longer-term climate targets.

Carbon Footprint/Intensity & ESG Tracking

We began measuring the carbon footprint of our public equity portfolio at the end of 2018, initially focusing on Carbon Footprint, defined as tons of Scope 1 and Scope 2 emissions per USD million invested.

As the metrics evolved over time, our focus shifted to Weighted Average Carbon Intensity (WACI), as recommended by the Task Force on Climate-related Financial Disclosures (TCFD). WACI is widely used to assess a portfolio's exposure to carbon-intensive companies and is expressed as tons of emissions per USD million of revenue.

The graph below shows the WACI measurement for both the public equity portfolio of the endowment investments 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 in the AA rating range. For further info please review [MSCI ESG ratings page](#).

Climate Charter Related Target Setting

Over the past couple of years, the Investment Subcommittee also began to consider both short and long-term targets for emission reduction that aimed at aligning with the University's overall commitment to climate change as reflected in the Our Time strategic plan, the Climate Charter, the United Nations Sustainable Development Goals as well as the Paris Agreement.

After several reiterations at the committee level, the Board accepted and approved that the University adopt a 2030 interim target year weighted average carbon intensity reduction goal of 60– 70% against the 2019 baseline for the public equities portion of the portfolio. Details are outlined as follows:

1. Measurement: Weighted Average Carbon Intensity ("WACI")
2. Scope: Scope 1 and Scope 2 emissions as were included in the baseline measurement
3. Baseline Year: 2019, selected to be in line with the NZAOA protocol for better alignment and comparison
4. Asset classes: Public Equities
5. Reduction Goal: 60–70% with the latter being an aspirational goal

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>	2022	2023	2024	2025	2026
Disbursements from GEF Endowments	7.3	7.8	8.9	9.2	9.1
Disbursements from the Heritage Fund	6.1	0.0	1.6	2.3	7.8
Expenses (includes external and internal admin fees)	4.7	5.1	5.2	5.1	6.1
Total Expenses and Disbursements	18.1	12.9	15.7	16.6	23.0
New Contributions to Endowments	10.7	10.9	11.3	18.7	12.6
Investment Income	-1.9	39.2	48.6	58.0	95.6
Total Income and Contributions	8.8	50.1	59.9	76.7	108.2
Total Fund Assets	438.6	475.8	520.0	580.1	665.3
Net Return Allocated to GEF (after all external and internal fees)	-2.1%	7.1%	8.3%	9.1%	15.2%

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

The General Endowment Fund (\$412 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 \$281.8 million to \$412.3 million. This reflects the combined effect of total contributions into the fund of \$42.3 million, disbursements out of the fund of \$42.3 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 2025–2026, 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 2026, 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	2022	2023	2024	2025	2026
Scholarships and Bursaries	6.0	6.5	6.6	7.0	7.2
Other Designations	1.3	1.3	2.3	2.2	1.9
Total Spending from Endowments	7.3	7.8	8.9	9.2	9.1
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)	51.5	50.9	45.2	48.4	51.6
% Total University Spending on Student Scholarships and Bursaries from Endowments	11.4%	12.6%	14.3%	14.1%	12.9%

The Heritage Fund (\$253 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 (\$19.3 million) and the

balance of (\$233.7 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 \$253.0 million while having provided \$79.8 million for major University strategic purposes, including major information technology systems and capital infrastructure projects.