

Overview of the University of Alberta Endowment Pool

The University of Alberta Endowment Pool (UEP) consists of the university's endowed trust funds or other funds of a permanent or long-term nature. Assets are pooled into a single fund to take advantage of economies of scale. The time horizon for the investments is very long-term (i.e. in perpetuity), with a small amount spent annually. The goal is to maximize returns responsibly while maintaining or growing the original contribution and only spending a portion of the earnings to ensure the university maintains a long-term revenue stream. The earnings from the investments are relied upon by the university to fund research and scholarships as well as offset some operational costs.

What are endowed trust funds?

A university endowment consists of donations from alumni and other supporters, which are restricted/designated for a specific purpose, including scholarships and research. The donations are not spent right away but are invested with the aim of growth over time. They can be viewed as a third party trust, where the university is managing the endowment for the benefit of both current and future generations. Endowments do not include tuition or public funds. No tuition dollars go to the endowment. All tuition dollars are spent in support of the university's teaching and research mission.

How are investment decisions made?

Within the guidelines set forth in the University Funds Investment Policy, university management is responsible for selecting and monitoring external investment managers who then make individual investment decisions, such as which public equities to hold.

Investments are held via segregated accounts and institutional pooled funds. In the case of segregated accounts, the university holds investments in our name. In the case of pooled funds, the university does not directly hold investments. Instead, a share of a fund is held, and that fund holds the individual investments.

Management employs a rigorous due diligence process for selecting investment managers, and works with several advisors in making decisions on investment managers.

What are the University of Alberta UEP Assets as of March 31, 2024?

The university had \$1.8 billion in endowment assets invested globally across a variety of strategies and asset classes. The endowments provided \$62 million in financial support last year and \$480 million cumulative over the past decade. In addition, \$0.7 billion of non-endowed assets are invested alongside endowment assets in the UEP for long-term growth.

What are the long-term objectives of the UEP?

The UEP is in place to:

- preserve intergenerational equity so all beneficiaries receive the same level of support over time.
- earn a long-term compounded return in excess of spending, expenses, and inflation.
- maintain an asset allocation with an appropriate level of risk.
- maximize returns for the university.

What is included in the investment disclosure listing?

The list includes a comprehensive list of all the shares that the university directly or indirectly holds in publicly traded companies. That constitutes about half of the university's investment. The university also invests in various pooled funds and alternative investments¹ that are managed by third parties. These funds enable the university to diversify its portfolio, reduce risk and secure adequate returns. The third parties that manage these pooled funds and alternative investments do not allow public disclosure of their investments. The third party owns this information and requires that it be kept confidential.

¹ Alternative investments are supplemental strategies to traditional long-only positions in stocks, bonds, and cash. Alternative investments include investments in five main categories: hedge funds, private capital, natural resources, real estate, and infrastructure