



Purpose: We create and connect knowledge, learning and community for deeper understanding and meaningful impact.
Vision: We are a leading research university, advancing an inclusive and sustainable future.

FINANCE AND ADMINISTRATION COMMITTEE MEETING

Simon Fraser University

9:00 am – 10:00 am, Thursday, January 11, 2024

****BY VIDEO CONFERENCE****

Attendees: C. Herbert, Acting Committee Chair
 T. Vrooman, Chancellor
 J. Johnson, President
 A. Lamarsh, BC
 D. Leznoff
 M. McDonald
 A. Parmar

Regrets: N. Sahota, CC

AGENDA – FAC OPEN SESSION

Time	Item	Speaker/ Resources	Action
5 mins	1. Call to order 2. Quorum 3. Items for Approval by Consent: 3.1. Agenda 3.2. Minutes of the FAC Open Session of the Meeting of November 23, 2023	C. Herbert	Approval by consent
10 mins	4. 2023-24 Quarter 3 Forecast	M. Pochurko/ K. Heer/ J. Kennedy	Information/ Discussion
10 mins	5. CAUBO University Endowment Survey Summary	M. Pochurko/ K. Heer/ J. Shen	Information/ Discussion
5 mins	6. Comments, Announcements, and other Business	C. Herbert	N/A
5 mins	7. Adjournment	C. Herbert	N/A

DRAFT Minutes of the **FAC Meeting** of the Board of Governors of Simon Fraser University held at 08:00 a.m. on Thursday, November 23, 2023, via video conference.

Board Members present:

C. Herbert, Acting Committee Chair; J. Johnson, President & Vice-Chancellor; D. Leznoff; M. McDonald; A. Parmar

Staff in attendance:

K. Aquino; M. Fullerton; D. Shen

Regrets:

A. Lamarsh; N. Sahota; T. Vrooman

FAC OPEN SESSION

Land Acknowledgement and Call to order

The Acting Committee Chair Carol Herbert called the meeting to order at 8:00 a.m. and she began the open session by acknowledging the unceded Traditional Coast Salish Lands including the Tsleil-Waututh (səlilwətaʔ), Kwikwetlem (kʷikwəʔləm), Squamish (Sḵwəxwú7mesh Úxwumixw) and Musqueam (xʷməθkʷəyəm) Nations.

3. Items for Approval by Consent

Motion moved by Carol Herbert:

To approve the following agenda items by consent:

- 3.1. Agenda
- 3.2 Minutes of the FAC Open Session of the Meeting of September 21, 2023

The question was called and the motion was seconded and carried without dissent.

4. 2023-24 Quarter 2 Forecast

This forecast was provided to keep the Board of Governors informed of the financial projections for the current year. It was stated by Martin Pochurko that this information was already dated as it has already been half a year since this report. The world has changed drastically since then, with more of a focus on financial status. The forecast has been submitted to the Ministry.

5. Residence Fees 2024-25

The following key points were highlighted:

- The procedure for setting Residence Fees includes completing an independent market analysis, using comparable rental rates (same suites from similar universities in the lower

mainland and rental units in the area). Principles for fee setting include: cost recovery and market comparability.

- Feedback from students regarding the proposed increases indicated a concern that not having an established range for the increases is creating too much uncertainty for students. In addition, other fees such as the meal plan, have seen also significant increases so all together adds to their concern for affordability.

It was noted that the higher increases proposed are a result of expenditures in building maintenance and upgrades living wages, in addition to newer residence buildings having more amenities for the benefit of the students.

6. Comments, Announcements and other Business

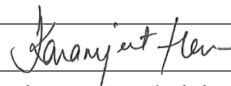
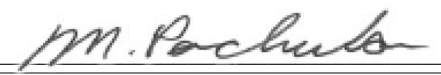

There were no comments, announcements, and other business to report at this time.

7. Adjournment

There being no further business, the open session of the FAC meeting was adjourned at 8:17 a.m.



MEMORANDUM

ITEM TITLE	2023-24 Quarter 3 Forecast
DATE	Jan 2, 2024
COMMITTEE	Appropriate Board committee by terms of reference Finance & Administration Committee
SESSION	Open/closed as appropriate, pursuant to the Board Rules , section 8 Open
ACTION REQUESTED	<input checked="" type="checkbox"/> For Information/Discussion <input type="checkbox"/> Committee to Recommend, Board to Approve <input type="checkbox"/> Committee to Approve, Board for Information <input type="checkbox"/> Board to Approve
BOARD AGENDA	To maximize the efficiency and effectiveness of the Board meeting, Committee to Recommend/Board to Approve items that are routine and/or non-controversial, and do not require debate, discussion or explanation at the full Board meeting, may be appropriate to include on the Board's consent agenda <input checked="" type="checkbox"/> Consent Agenda <input type="checkbox"/> Regular Agenda
SUBMITTED BY	Karamjeet Heer, AVP Finance 
RECOMMENDED BY	Martin Pochurko, Vice-President Finance & Administration 
ENDORSED BY PRESIDENT	Joy Johnson, President and Vice-Chancellor 

REASON(S) WHY THIS ITEM IS BEFORE THE BOARD

The forecast is provided to keep the Board of Governors informed of the financial projections for the current year. The Ministry of Post-Secondary Education and Future Skills requires Board of Governors review of Quarterly Forecasts. The forecast has been submitted to the Ministry.

EXECUTIVE SUMMARY

The Annual Operating Surplus is projected to be lower than the Ministry's budget for SFU by \$31.3 million. The shortfall is primarily related to tuition revenue due to lower international student enrolments experienced in the summer and fall sessions. In addition, investment losses related to the fossil fuel divestment and higher staff pension costs increased the shortfall. A partial offset was provided by the capitalization of computer and classroom equipment and a targeted reduction of operational costs.

CONSIDERATIONS

The current geo-political tensions present an ongoing risk for international enrolments. Additionally, market volatility presents a risk for the final carbon divestment transactions to be executed before fiscal year-end. Finally, it should be noted that specialists have been engaged to review current cost projections and to develop a roadmap relating to future pension costs.

ATTACHED SUPPLEMENTARY MATERIALS

2023-24 Quarter 3 Forecast.

2023-24 Forecast

Updated in Quarter 3

Forecast prepared for the Ministry of Post-Secondary Education and Future Skills

Contacts: Martin Pochurko
VP Finance & Administration

Karamjeet Heer
AVP Finance

Prepared by: Janis Kennedy
Director, Budget Office

Background

Each quarter across the post-secondary sector, the Ministry of Post-Secondary Education and Future Skills (Ministry) requests a forecast to reflect the University's anticipated consolidated net income for the current year plus an additional 3-years. The following tables reflect a summary of this forecast:

- Table 1: Current forecast,
- Table 2: Breakdown of the Annual Operating Surplus/Deficit by fund category,
- Table 3: This quarter's forecast in comparison to the Ministry's approved budget.

The key forecast assumptions are noted in the Appendix to this document.

The Ministry requests that the provincial budget for SFU is the key comparator for this reporting process. The Ministry's budget is based upon the third quarter forecast submitted in early December 2022, for the current fiscal year.

This Quarter's Forecast

The *Annual Operating Surplus* is projected to be lower than Ministry's budget for SFU by \$31.3 million.

As per previous reports, an operating shortfall is expected in tuition revenue, stemming from lower international student enrolments experienced in the summer and fall, and also projected for the spring term. Cost containment plans have been put into effect to mitigate the impact from this shortfall. The additional key changes (Quarter 2 versus Quarter 3) are reflective of investment losses related to fossil fuel divestment, higher pension costs, which have been offset by an accounting change to capitalize all computer and classroom equipment and a targeted reduction of operational costs.

The outer year projections take into consideration mitigating investments to stabilize international enrolments and strengthen SFU's international reputation. Investment income is expected to normalize following the completion of carbon divestment targets by 2025. Other financial pressures continue into 2024-25 with additional cost containment efforts undertaken with long-term sustainability in mind. This challenge also presents an opportunity for SFU to innovate and be resourceful. Efforts will continue to improve SFU's standing as a leading research university.

The Annual Surplus from Operations is a key focus for the Ministry. Added to this line is net restricted endowment contributions¹ which aligns with the presentation in SFU's Annual Financial Report. SFU does not contribute operating funding to net restricted endowment contributions.

Table 1: Current Forecast

Financial Forecast by Year	2022-23	2023-24	2023-24	2024-25	2025-26	2026-27
(in millions \$)	Actual	Ministry Budget	Forecast	Forecast	Forecast	Forecast
Revenues	895.0	866.9	930.4	976.2	1,000.4	1,019.7
Less: Expenses	872.9	856.4	951.3	960.5	985.5	1,005.8
Annual Surplus from Operations	22.2	10.4	(20.9)	15.7	14.9	13.9
Plus: Endowment contributions	14.9	23.7	27.6	24.2	24.7	25.2
Annual Surplus	37.0	34.1	6.7	39.9	39.5	39.0

¹ Net restricted endowment contributions reflect restricted donations received by the university, and a portion of the restricted endowment income for the preservation of the endowment's purchasing power. This figure is subject to change as the year progresses, as the endowment contributions are received from donors and the amount to be capitalized is determined.

Key Risks

The current geo-political tensions present an ongoing risk for international enrolments. Additionally, market volatility presents a risk for the final carbon divestment transactions that is committed to be executed by year-end. Finally, it should be noted that specialists have been engaged to review current cost projections and to develop a roadmap relating to future pension costs.

Breaking down the Annual Operating Surplus

Contributions are received throughout the year for a variety of purposes, and may be restricted by the donor, government funding agency, or corporation. An external restriction may be to use a contribution only for one particular program, or to purchase a capital asset, or it may be that the contribution is not to be used at all, but rather invested as an endowment with the income from the invested funds used for a particular program. Adherence is required if the restricted contributions are accepted; the contributions must be used in accordance with the terms and conditions stipulated by the contributor. Fund Accounting groups together transactions and accounts related to similarly restricted activities. Each fund has its own revenues and expenditures, its own assets and liabilities and its own net asset (fund) balance. The chart below reflects the allocation of annual operating surplus based upon the type and nature of the funds.

Table 2: Annual Operating Surplus/Deficit by fund category

Group	2022-23 Actual	2023-24 Ministry Budget	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
Operating	13.1	0.3	(42.8)	0.0	0.0	0.1
Ancillaries	1.1	(1.5)	(4.5)	(4.1)	(0.8)	0.5
Capital	(7.5)	7.5	22.2	16.2	9.8	9.5
Projects	5.4	3.7	3.5	2.9	5.2	3.1
Related Entities	(0.6)	0.4	0.7	0.7	0.7	0.7
Total	11.6	10.4	(20.9)	15.7	14.9	13.9

NOTE: The endowment contribution is not reflected in the chart above, but is allocated to Restricted Net Assets.

Fund Category	Group Description	Summary of Forecast
Operating	This includes unrestricted revenues primarily used for academic program delivery and administration of the university. The principal revenue sources are the provincial operating grant and tuition & student fees.	It is expected that the operating reserves will be utilized in 2023-24. The current year forecast reflects the international tuition shortfall projected, carbon divestment losses within the investment portfolio, higher pension costs, offset by cost reduction savings.
Projects	This includes all <i>internally restricted projects</i> for research, faculty start-up, externally funded projects for specific purposes, and all <i>restricted projects</i> including externally funded research and specific purpose projects.	<p>It is expected that the funding allocated for academic start-up and required for bridge funding will remain relatively stable over the long-term, with a slight downward trend as funding is utilized.</p> <p>No bottom-line impact is anticipated in restricted projects as revenue is deferred and amortized to income at the same rate that the expenditures are recorded.</p>
Ancillaries	Operations that support and provide services to students, staff and faculty, such as Residence & Housing, Bookstore, Dining Services, and Meeting, Event & Conference Services. Revenues generated are to cover all their related expenses and debt service payments, as well as provide reinvestment to ensure the long-term financial sustainability of the operations.	The recovery of ancillary operations post-pandemic is expected to occur gradually over several years. In fiscal year 2023/24, Student Housing is projected to make a substantial capital contribution from their reserves that results in a current year deficit.
Capital	This captures the financial effect of funding designated for capital projects, funding received for maintenance, and recording the university's tangible capital assets and associated amortization. These activities are primarily funded from provincial or federal grants, donations and designated from other sources.	A surplus is anticipated in the capital fund largely due to internally financed deferred maintenance and other capital projects, and assets. The amount of surplus will be reduced in the outer years as the Ministry allows the operating grant funds to be restricted for capital purposes.
Related Entities	This includes organizations that are incorporated into SFU's financial statements, such as Western Canadian Universities Marine Sciences Society (WCUMSS), and Great Northern Way Campus Trust (GNWCT).	A slight and relatively stable surplus is anticipated for related entities.

Changes from Ministry Budget

The table below reflects the changes between Ministry's budget for 2023-24 relative to SFU's forecast for this quarter.

Table 3: Changes from Ministry's Budget

Forecast Changes	Ministry Budget	Q3 Forecast	Variance \$	%	Note
(in millions \$)	A	B	B-A		
Revenues					
Government grants and contracts					
Province of BC	287.1	366.6	79.5	28%	1
Federal Government	60.8	75.1	14.4	24%	2
Other Governments	3.4	3.9	0.5	14%	
Tuition	-	-			
Credit courses	300.4	287.6	(12.8)	-4%	3
Non-credit courses another student fees	25.7	26.5	0.9	3%	
Sales of goods & services	45.5	46.1	0.6	1%	
Donations, non-government grants & contracts	62.1	64.6	2.5	4%	
Investment income	31.3	12.4	(18.9)	-60%	4
Amortization of deferred capital contributions	37.3	32.9	(4.3)	-12%	
Other revenue	13.5	14.6	1.1	8%	
Total Revenues	866.9	930.4	63.6	7%	
Expenses					
Salaries & Benefits	561.3	655.1	93.8	17%	5
Supplies and operating	68.3	63.6	(4.8)	-7%	6
Amortization of tangible capital assets	79.1	76.0	(3.1)	-4%	
Professional and contracted services	56.0	60.6	4.6	8%	
Scholarships and bursaries	48.1	52.8	4.8	10%	7
Travel and personnel	16.9	15.6	(1.3)	-7%	
Cost of goods sold	2.6	2.6	0.0	0%	
Interest on long-term debt	10.4	10.3	(0.0)	0%	
Utilities	13.8	14.7	0.9	6%	
Total Expenses	856.5	951.3	94.8	11%	
Annual Operating Surplus (for Ministry)	10.4	(20.9)	(31.3)		

Quarter 3 Forecast Changes:

1. The funding growth is mostly attributed to the projected provincial allocation linked to the ratified collective agreements within the SRM framework and Tech expansion program. A small portion of the growth is associated with the increase in research grants and specific-purpose grants, offset by the corresponding cost increase within these grants.
2. The favourable increase relates to the anticipated increase in external restricted research grants, offset by the increase in research expenses.

3. The unfavourable variance in credit courses is due to lower-than-anticipated enrollments, primarily among international students.
4. The unfavourable investment loss results from the execution of the Fossil Fuel Divestment Plan, offset by anticipated investment gains.
5. The majority of the compensation increase can be attributed to the projected expenses associated with ratified collective agreements, increased administrative pension cost, as well as the anticipated compensation increase in research related activities.
6. Supplies and operating expenses are anticipated to be lower due to a transfer of contingency funding across to other line items (graduate student support \$2.5M, Childcare design costs \$1M, etc), and reduced Fraser Institute royalty revenue ~\$2M.
7. Professional & contract services increase is related to research related activities, with revenue funding expected to offset.
8. A commitment of \$2.5M in funding has been provided to support cost-of-living for graduate students.

APPENDIX - Forecast Assumptions

Where appropriate, the current year forecasted figures take into consideration the General Ledger (GL) year-to-date results for the period April 1, 2023 to Oct 31, 2023.

Province of BC:

The following table reflects the items incorporated into the forecast. The Shared Recovery Mandate figures were provided by the province for incorporation into the forecast, with the 2023-24 figures representative of both 2022-23 (retroactive) and 2023-24 funding.

Key Assumptions (in millions \$)	2023-24	2024-25	2025-26	2026-27
Provincial Operating grant, beginning	274.0	339.8	340.0	344.0
Shared Recovery Mandate	65.5	(1.7)	2.3	
Tech Expansion	0.3	2.0	1.7	1.3
Provincial Operating grant, ending	339.8	340.0	344.0	345.3
Misc other grants ¹	0.5	1.0	1.0	1.0
Restriction of Operating Grant for Capital Purposes ²				
Total Operating	340.3	341.0	345.0	346.3
Other Funds ³	26.3	25.8	26.1	26.5
Total Consolidated	366.6	366.8	371.1	372.8

NOTE 1: Misc. other grants include smaller operating grants for activities such as BC-Electronic Library Network and a grant in lieu of property taxes.

NOTE 2: The adjustment reflects the estimated restriction in operating grant for capital purposes.

NOTE 3: Includes specific known grants and a placeholder for research and other specific purpose grants based upon historical trend.

NOTE 4: The total consolidated figure ties to the current year's Province of BC grant less the Restricted for Capital Purposes figures in Table 2.

Tuition & Student Fees:

Forecast assumptions for 2024-25 through 2026-27 have been rolled forward from the previous year's forecast, pending discussions about fees as part of the processes for the relevant year's budget cycle.

Key Assumptions - Rate Increases	2023-24	2024-25	2025-26	2026-27
Domestic tuition	2.0%	2.0%	2.0%	2.0%
International tuition - new students	4.0%	6.0%	4.0%	4.0%
International tuition - existing students	4.0%	4.0%	4.0%	4.0%
Graduate tuition (no internat'l differential)	2.0%	2.0%	2.0%	2.0%
Graduate tuition (existing internat'l differential)	4.0%	4.0%	4.0%	4.0%
Graduate tuition (new internat'l students)	4.0%	6.0%	4.0%	4.0%
Student fees	2.0%	2.0%	2.0%	2.0%
Non-credit tuition fees	1.0%	1.0%	1.0%	1.0%

Student FTEs in the table below reflect the most recent FTE projection for 2023-24. The preliminary enrolments for 2024/25 were approved by SCEMP in early November and will be presented for Senate approval in March, 2024. The Student FTE figures below include co-op students.

Key Assumptions - Projected Enrolments	2023-24	2024-25	2025-26	2026-27
Undergrad_Domestic	18,669	18,484	18,501	18,517
Undergrad_International	4,401	4,436	4,856	5,366
Graduate_Total	3,525	3,524	3,683	3,850
Total FTE	26,595	26,445	27,040	27,733

The Ministry requires a breakdown between domestic & international for all student fee-related revenues (Credit Courses + Non-Credit Courses and other Student Fees), with the following provided based upon current projected trends for non-credit, graduate and student fees.

Key Assumptions - Revenue Generated by (in millions \$)	2023-24	2024-25	2025-26	2026-27
Domestic Tuition & Fees	163.1	158.8	164.4	169.7
International Tuition & Fees	151.1	169.5	175.7	181.6
Total Tuition & Student Fees	314.2	328.3	340.2	351.2

Investments:

Key Assumptions - investment income (in millions \$)	2023-24	2024-25	2025-26	2026-27
Endowment Fund	22.2	22.5	22.7	23.2
Non-endowment Fund	(15.0)	10.5	11.3	12.1
Related Entities	5.1	5.3	5.5	5.5
Total	12.4	38.3	39.5	40.8

In June 2023, the University approved the divestment plan from fossil fuels by the end of 2025.

Salaries & Benefits:

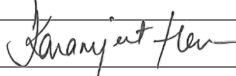

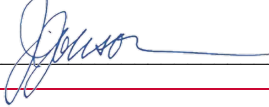
Key Assumptions - Rate Increases	2023-24	2024-25	2025-26	2026-27
General Wage Increase (2022 mandate)	6.75%	2.0%	-	-
Step Increases (CUPE, APSA)	1.0%	1.0%	1.0%	1.0%
Career Progress Increases (SFUFA)	2.5%	2.5%	2.5%	2.5%

General wage increases reflect the estimated rates for ratified agreements based upon the current 2022 Shared Recovery Mandate as published by the provincial government. Retro-active salary will be paid out once agreements are ratified. Salary settlements (GWI) are expected to be cost neutral, with the PSEC-approved collective agreement settlements offset by a provincial grant increase.

Employee compensation includes defined benefit pensions, post-retirement benefits, and long-term disability benefits, which the university is obligated to provide after active service. The expenses of providing these plans are determined through actuarial measurements.



MEMORANDUM

ITEM TITLE	CAUBO University Endowment Survey Summary
DATE	January 2, 2024
COMMITTEE	Appropriate Board committee by terms of reference Finance and Administration Committee (FAC)
SESSION	Open/closed as appropriate, pursuant to the Board Rules , section 8 Open
ACTION REQUESTED	<input checked="" type="checkbox"/> For Information/Discussion <input type="checkbox"/> Committee to Recommend, Board to Approve <input type="checkbox"/> Committee to Approve, Board for Information <input type="checkbox"/> Board to Approve
BOARD AGENDA	To maximize the efficiency and effectiveness of the Board meeting, Committee to Recommend/Board to Approve items that are routine and/or non-controversial, and do not require debate, discussion or explanation at the full Board meeting, may be appropriate to include on the Board's consent agenda <input checked="" type="checkbox"/> Consent Agenda <input type="checkbox"/> Regular Agenda
SUBMITTED BY	Karamjeet Heer, Associate Vice-President Finance 
RECOMMENDED BY	Martin Pochurko, Vice-President, Finance and Administration 
ENDORSED BY PRESIDENT	Joy Johnson, President and Vice-Chancellor 

REASON(S) WHY THIS ITEM IS BEFORE THE BOARD

This item is being provided to the Board for information in accordance with University policy B10.09 (Investment Governance Policy).

EXECUTIVE SUMMARY

The attached document gives a synopsis of the CAUBO University Investment Survey on Endowment and Pension Funds as at December 31, 2022 for the Board's information. This survey applies to SFU's endowment fund only. SFU has performed well when compared with other BC universities and Canadian universities. In addition to staying on track to meet the university's carbon footprint reduction targets and fossil fuel divestment commitment, SFU endowment fund has consistently ranked among the top performing universities for the ten-year net annualized return since 2014.

CONSIDERATION

The CAUBO University Investment Survey is Canada's most comprehensive survey of investments held by Canadian post-secondary institutions. The survey provides information in better managing investment portfolios and includes information on annualized rates of return, mandate performance and asset mix, spending policy and costs. The survey results of other BC and Canadian universities also serve as a good benchmark for SFU.

NEXT STEPS

No Committee or Board action required.

ATTACHED SUPPLEMENTARY MATERIALS

1. CAUBO University Endowment Investment Survey

CAUBO University Endowment Survey Summary

Overview

CAUBO conducts a survey annually to collect investment results for Canadian university endowments and pension funds. The latest survey is based on endowment investment results as of December 31, 2022 and a total of 69 universities participated in this survey.

The combined assets of the endowments totaled to \$28.1 billion as of December 31, 2022 (\$29.8 billion as of December 31, 2021). Toronto, Alberta, UBC, McGill and Western are the top five universities by asset value, each university with over \$1.7 billion in assets under management. The combined value of the top five universities comprises 42% of the total asset value of Canadian universities in this survey. The universities are grouped into four quartiles based on their asset value as shown in Table 1 below.

Category ¹	Asset Value (Million)			
	Total	% Of Total	Average	Median
1st Quartile (>\$500M)	\$22,709	80.9%	\$1,262	\$976
2nd Quartile (\$130M~\$500M)	\$3,718	13.2%	\$219	\$177
3rd Quartile (\$41M~\$130M)	\$1,340	4.8%	\$79	\$82
4th Quartile (<\$41M)	\$307	1.1%	\$18	\$18
Total	\$28,074	100.0%	\$407	\$114

The 1st quartile is the largest category and funds in this quartile contribute 81% of the total asset value; this category contains 18 out of 69 universities. SFU (\$606M, ranked 14th) falls into the 1st quartile. The other three quartiles combined make up the remaining 19% of the total survey asset value.

Performance

	1Y	3Y	5Y	10Y
SFU	-7.8%	5.6%	6.7%	9.0%
BC Universities Equal Weighted Average Return (N=4)**	-4.1%	5.6%	6.4%	8.4%
1 st Quartile Canadian Universities Median Return (N=18)***	-6.5%	5.6%	6.0%	8.6%
Canadian Universities Median Return (N=69)	-6.2%	4.7%	5.6%	7.5%
Canadian Universities Equal Weighted Average Return (N=69)	-4.7%	5.2%	5.6%	7.6%

*Endowment Annualized Returns are calculated by CAUBO, based on calendar year returns as reported by participating universities.

**BC peer universities: SFU, UBC, UNBC and UVic. Kwantlen Polytechnic University, Vancouver Island University, Royal Roads University, University of Fraser Valley and Emily Carr University of Art & Design were excluded given their small size.

***1st Quartile Canadian Universities ranked by asset size.

****Fee includes internal fee and external fee as reported to CAUBO. Fee ratios are calculated based on average market value of the recent calendar year.

Table 2 compares the performance of SFU with other Canadian universities as of December 31, 2022. Over the ten-year investment horizon, SFU outperformed the median return of its Canadian peer group, the 1st quartile Canadian universities ranked by asset size, by 40 bps. SFU also outperformed the Canadian Universities equal weighted average by 140 bps for the same period.

¹ To allow for better comparisons, in 2015, CAUBO started to group the universities by quartiles instead of basing on pre-determined dollar value breakpoint. While this creates four equal size groups, it also means that each year there will be a moving target in terms of asset levels within each sub-group, as the breakpoints will change accordingly.

Top 5 Performers

University	Assets (Million)	Rank by Assets	1Y	1Y Rank	3Y	3Y Rank	5Y	5Y Rank	10Y	10Y Rank	Fee Ratio (bps)
Victoria (UT)	\$989	9 th	43.9%	1 st	17.3%	1 st	15.8%	1 st	14.5%	1 st	13
PEI	\$82	44 th	-1.9%	18 th	8.1%	5 th	9.6%	3 rd	9.7%	2 nd	41
Dalhousie	\$881	12 th	-5.9%	31 st	7.5%	8 th	7.6%	7 th	9.5%	3 rd	47
Western	\$1,777	5 th	-6.4%	36 th	6.9%	12 th	7.0%	10 th	9.4%	4 th	91
Alberta	\$2,233	2 nd	0.6%	10 th	7.2%	9 th	6.7%	13 th	9.2%	5 th	88
SFU	\$606	14th	-7.8%	47th	5.6%	22nd	6.7%	12th	9.0%	10th	36

Table 3 highlights the top 5 performing universities (gross of fees) out of the 69 survey participants over the 10Y annualized period. SFU is listed at the bottom of the table for comparison. The top 5 performing universities significantly outperformed the Canadian universities median 10Y return (7.5%) by at least 170 bps. SFU's 10Y return (9.0%) ranked 10th out of the 69 universities that participated in the survey. However, if taking the fee ratio impact into consideration, SFU will rank among the top 5 performing universities from the net return basis. SFU has consistently ranked in the top five out of all surveyed universities for the ten-year net annualized return since 2014, when SFU began preparing the CAUBO University Endowment Survey Summary results.

Asset Allocation²

	Equities					Fixed Income			Alternatives
	Canadian	US	Global	EAFE	Other	Bonds	Cash & STN	Other	
SFU	24%	7%	37%	0%	0%	18%	3%	1%	10%
BC Universities Equal Weighted Average (N=4)*	10%	10%	17%	8%	4%	14%	2%	1%	36%
1st Quartile Canadian Universities Equal Weighted Average (N=18)**	10%	12%	19%	9%	3%	13%	2%	3%	29%
Canadian Universities Equal Weighted Average (N=69)	17%	10%	16%	6%	3%	21%	5%	6%	17%

* BC peer universities: SFU, UBC, UNBC and UVic. Kwantlen Polytechnic University, Vancouver Island University, Royal Roads University, University of Fraser Valley and Emily Carr University of Art & Design were excluded given their small size.

**1st Quartile Canadian Universities ranked by asset size.

In general, larger endowments tend to have higher allocations to alternative investments. For example, as of December 31, 2022, the 1st quartile Canadian universities had an average allocation of 29% in alternative investments, whereas the overall Canadian universities had an average allocation of 17% in alternative investments. Overall, SFU had a higher allocation to public equity and a lower allocation to alternative investments when compared to BC Universities average, the 1st quartile Canadian universities average, and the Canadian universities equal weighted average.

² In the CAUBO survey, asset classes are grouped into below three main categories:

(1) Equities: Canadian, US, Global, EAFE, and Other such as Emerging Markets or unspecified. Global category was added in the 2022 CAUBO survey.

(2) Fixed Income: Bonds, Cash & Short-term notes, and Other such as Mortgages or unspecified.

(3) Alternatives: Hedge Funds, Commodities, Private Equity/Venture Capital, Infrastructure, and Real Estate. In the 2022 CAUBO survey, alternative investment asset class was expanded to include private debt.

University	No. of Mandates	Equities					Fixed Income			Alternatives
		Canadian	US	Global	EAFE	Other	Bonds	Cash & STN	Other	
Victoria (UT)	15	3%	6%	0%	3%	2%	0%	1%	3%	82%
PEI	8	20%	0%	24%	0%	0%	10%	0%	3%	43%
Dalhousie	34	14%	15%	0%	13%	1%	16%	1%	0%	41%
Western	24	13%	0%	20%	7%	0%	4%	8%	5%	42%
Alberta	22	8%	16%	0%	16%	9%	2%	2%	0%	47%
SFU	18	24%	7%	37%	0%	0%	18%	3%	1%	10%

Table 5 shows the asset allocation (as of December 31, 2022) of the top 5 performing universities. The asset allocation of SFU is listed at the bottom for comparison. Compared to the top 5 performing universities, SFU had a much lower allocation to alternatives.

Spending Policy

Table 6 compares the effective spend rates for SFU versus BC peer universities, the 1st quartile Canadian universities by asset size, and Canadian universities overall during the past twelve years. For most of the years, SFU's effective spend rate has been higher than the equal weighted average of the BC peer universities and that of the 1st quartile Canadian universities by asset size (except for 2011). In 2022, the effective spend rate of SFU (3.8%) is higher than the equal weighted average of SFU's peer group in B C (3.3%), the Canadian peer group (2.8%), and the overall Canadian universities (2.7%).

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
SFU	3.8%	4.4%	3.9%	3.8%	4.2%	4.2%	4.1%	3.9%	4.3%	3.8%	4.1%	3.8%
BC Peer Universities Equal Weighted Average (N=4)*	3.1%	3.7%	3.7%	3.5%	3.5%	3.5%	3.6%	3.8%	4.0%	3.4%	3.5%	3.3%
1 st Quartile Canadian Universities Equal Weighted	3.9%	4.0%	3.8%	3.7%	3.6%	3.2%	3.1%	3.1%	3.4%	3.0%	3.0%	2.8%
Canadian Universities Equal Weighted Average	4.0%	4.3%	4.0%	3.9%	3.8%	3.6%	3.8%	3.3%	3.5%	3.1%	3.1%	2.7%

*BC peer universities: SFU, UBC, UNBC, and UVic. Kwantlen Polytechnic University, Vancouver Island University, University of Fraser Valley and Emily Carr University of Art & Design were excluded given their small size.

**1st Quartile Canadian Universities ranked by asset size.

Decarbonization of Investment Portfolio

The CAUBO University Investment Survey does not inquire about participating university's responsible investing initiatives, such as UN PRI signatory status, fossil fuel divestment or carbon reduction targets. However, all the 17 University Climate Charter³ signatories, including 5 out of the top 10 performers in the CAUBO University Investment Survey, have committed to measuring investment portfolio carbon footprint and setting carbon reduction targets.

As an early adopter and a leader in responsible investing, SFU has repositioned its investment portfolios since 2016 in order to meet its 45% portfolio carbon footprint reduction by 2025 target and the fossil fuel divestment by 2025 commitments. SFU endowment portfolio has consistently met its investment objectives and outperformed its peer group as evidenced in the past CAUBO surveys. SFU continues to closely observe the University's responsible investing commitments and mandates while seeking to consistently outperform our BC peer group and Canadian peer group over the long-term, to provide solid financial support for the academic and research goals of the University.

³ Investing to Address Climate Change: A Charter for Canadian Universities. The 17 signatories are: UBC, Concordia, Dalhousie, Guelph, Laval, Manitoba, McGill, McMaster, Montreal, Ottawa, Queen's, Saskatoon, SFU, Toronto, UVic, Waterloo and Western.