

BOUNDLESS

LASTING IMPACT

ENDOWMENT REPORT 2014–2015



UNIVERSITY OF
TORONTO



WHAT IS THE IMPACT OF ENDOWED GIVING TO U OF T?

**A LEGACY OF OUTSTANDING STUDENTS, RESEARCHERS
AND PROGRAMS THAT WILL CONTINUE TO HELP U OF T
THRIVE AS ONE OF THE WORLD'S GREAT UNIVERSITIES.**

The goal of the University of Toronto's endowment is to support the people, programs and activities of the University in perpetuity. Over the years, growth of the endowment through investment return and charitable giving has enabled U of T to provide scholarships and fellowships to students, recruit and retain leading faculty, launch new programs and support world-class research, and provide broad assistance to a diverse range of crucial needs across the University. When a donor endows a gift to U of T, the gift is invested, preserving the capital in perpetuity. Annual earnings from the investment are designated to specific areas as agreed to by the donor.

In this report are a select few of the many stories that illustrate how philanthropy and long-term vision combine to sustain U of T as one of the world's top research and teaching institutions.

These stories include that of the Munk School of Global Affairs. Fuelled by generous endowed gifts from Peter and Melanie Munk, the story of the Munk School is one of academic excellence, global impact, and expanding influence. In just five years, the Munk School has emerged as one of the world's leading schools of international affairs, with innovative programs, outstanding leadership and bright students who are leading a global conversation on critical issues that affect us all.

You will also read about the phenomenal impact of the University of Toronto Hong Kong Foundation, which is celebrating its 20th year of opening doors for smart young people who might otherwise not have the opportunity to pursue a U of T education.

Endowed funds have also made a significant impact at the Faculty of Law, where the Grafstein Annual Lecture

in Communications has brought leaders in the field of communications to campus to discuss the most provocative issues at the intersection of technology, communications and the law. Philanthropic support has also created impactful scholarships such as the Heather Lynn Benson Scholarship at the University of Toronto Scarborough, which supports mature students who choose to return to their studies after having left to deal with other life circumstances.

Also in this report you will read about the performance of U of T's endowment over the past year. Maintaining and growing the value of the endowment over time is critical to ensuring that the steady source of income the endowment provides will sustain and continue to help U of T thrive as one of the world's great universities. You can read more about the details of the endowment's performance beginning on page 14.

The University is grateful for the visionary support of our donors, alumni and friends. It is crucial to ensuring that U of T has the resources to compete as one of the world's best universities, provide an excellent and accessible education for our students, meet today's global challenges and prepare tomorrow's global citizens.

Thank you again for your vision and generosity.



A handwritten signature in black ink that reads "David Palmer". The signature is fluid and cursive.

David Palmer
Vice-President, Advancement



STUDENTS IN THE MUNK SCHOOL'S MASTER OF GLOBAL AFFAIRS PROGRAM IN IRELAND, WHERE THEY DEVELOPED A POLICY ON SOCIAL IMPACT BONDS THAT WAS FLOORED IN THE IRISH HOUSE OF COMMONS.

STRENGTHENING OUR VOICE ON THE WORLD STAGE.

**CELEBRATING ITS FIFTH ANNIVERSARY THIS YEAR,
THE MUNK SCHOOL OF GLOBAL AFFAIRS IS DEVELOPING
THE TALENT, IDEAS AND LEADERSHIP CANADA NEEDS
TO NAVIGATE A FAST-CHANGING WORLD.**

The remarkable success of the Munk School of Global Affairs begins with the extraordinary vision and generosity of Peter Munk (BASc 1952, Hon. LLD 1995, Hon. DSL 2004) and Melanie Munk (Hon. DSL 2004). Their benefactions to the University, which total more than \$50 million, have enabled the University to create a major academic powerhouse in global affairs and attract top students, world-renowned faculty and accomplished mentors. Together, this great constellation of talent is generating knowledge and ideas that have global reach and influence.

Peter and Melanie Munk's endowed gifts have allowed the School to attract outstanding leadership, including new Director Stephen Toope as well as Dan Breznitz, the inaugural endowed Munk Chair of Innovation Studies, while developing innovative academic programs such as the flagship Master of Global Affairs (MGA) Program. The result: one of the world's top schools of global affairs, leading a global conversation on critical issues that affect us all.

"In the few short years since it was launched, the Munk School has established an enviable reputation as a creative and innovative place where talented people from a diversity of backgrounds and expertise come together to think through and address some of the world's toughest

challenges," says Toope. "It is becoming Canada's leading non-governmental voice in global affairs, the 'go-to' place for creative thought and penetrating insight on the great issues of our time."

Over the past three years, the Munk School has experienced substantial growth in its academic programs. Student enrolments have doubled, while the number of applicants to the School has quadrupled. One hundred and sixty students are now enrolled in the two-year MGA program, which provides students with a rigorous understanding of global affairs and teaches them to address global problems within and beyond the classroom, all the while guided by world-class faculty.

"With faculty and researchers working on socially inclusive ways to create policies that foster innovation in developing economies, to developing the means to improve human-rights-respecting policing through South-South mentoring, and creating methods to protect the online activities of NGOs from attacks by repressive governments, students in the Master of Global Affairs program come to the Munk School to learn how to bring global perspectives into their future careers here and abroad," says Toope.

Exceptional faculty and experts from around the world continue to gravitate to the Munk School. There are more



The growth and success of the Munk School of Global Affairs would not have been possible without the leadership of Peter and Melanie Munk. Mr. Munk chose U of T as a focus for his philanthropy because his alma mater welcomed him with open arms when he came to Canada in the late 1940s. “The vision of Peter and Melanie Munk allowed U of T to catapult into the first rank of global and international affairs schools,” says Munk School Director Stephen Toope. “The Munk School has used its resources to attract outstanding international and Canadian faculty members, support great students and seed unique research initiatives that have the potential to improve the future of humankind. I can’t think of a gift that in the long term is more likely to change the way we approach fundamental challenges facing our globe.”



Ariana Keyman, a 2015 MGA graduate, specialized in global civil society, with a focus in environmental studies, understanding the role of environmental policy in relation to conflict/security and poverty in developing economies. In her MGA internship, Ariana managed a field research project on the Galapagos Islands of Ecuador, which looked at the public health implications of the islands’ conservation policies. She is currently a Research Associate at the Busara Center for Behavioral Economics, based in Nairobi, Kenya. The Busara Center provides consulting and research services in behavioural economics and impact evaluation to improve program, policy and product design. In this role she is responsible for project acquisition, client and budget management, study design, and data collection and analysis, for both field and lab-based studies.

than 130 affiliated scholars engaged in its teaching and research. More than 20 distinguished Senior Fellows have chosen to work at the Munk School and mentor their students. In 2013 alone, the School hosted more than 900 public seminars, conferences and lectures, which attracted 33,000 people.

Dan Breznitz is the inaugural Munk Chair of Innovation Studies and co-director of the Innovation Policy Lab at the Munk School. He is known worldwide as an expert on rapid innovation-based industries and their globalization, as well as for his pioneering research on the distributional impact of innovation policies.

“Our aim at the Munk School is to produce graduates with a deep understanding of theory and research and proven ability to apply these lessons to affect positive change in the real world,” says Breznitz. Last year, he designed and

taught a course for MGA students in tandem with Social Entrepreneurs Ireland, a charity that addresses Ireland’s social and environmental problems. Students were required to look at complex issues around increasing and enhancing policy concerning social entrepreneurship and developed three policies which were presented to local policy makers and stakeholders. One policy, on social impact bonds, was floored in the Irish House of Commons. Breznitz says the course is a perfect example of how the Munk School aims to challenge students not to offer conclusions but to steer debate. “It’s an example of how we are innovating in both education and research, and producing students who not only join the global conversation, but define it.”

IN PARTNERSHIP WITH CBC RADIO'S IDEAS, THE MUNK SCHOOL PRESENTED "MUCH ADO ABOUT THE MAGNA CARTA," A TWO-PART SERIES IN WHICH LEGAL MINDS AND SCHOLARS CONSIDERED THE INFLUENCES OF THE MAGNA CARTA ON CRIMINAL LAW AND THE ROLE OF JUDGES.

LEFT TO RIGHT: NATHALIE DES ROSIERS, DEAN, FACULTY OF LAW (COMMON LAW SECTION), UNIVERSITY OF OTTAWA; THE HONOURABLE STEPHEN T. GOUDGE, Q.C., FORMER JUDGE OF THE ONTARIO COURT OF APPEAL; AND MODERATOR STEPHEN TOOPE.



MUNK
SCHOOL
OF
GLOBAL
AFFAIRS



UNIVERSITY OF
TORONTO

ideas
with Paul Kennedy



radio one

KONRAD VON FINCKENSTEIN,
FEDERAL COURT JUSTICE AND FORMER CRTS CHAIR,
DELIVERED THE 2015 GRAFSTEIN LECTURE



EXPLORING THE FUTURE OF CONTENT IN THE DIGITAL AGE.

THE GRAFSTEIN ANNUAL LECTURE IN COMMUNICATIONS IS FOSTERING PROVOCATIVE CONVERSATIONS ON ISSUES THAT INTERSECT TECHNOLOGY, COMMUNICATIONS AND THE LAW.



Senator Jerry Grafstein (JD 1958) is well known for an illustrious career that has spanned Canadian law, business and politics. Prior to serving in the Senate of Canada for 25 years, he helped establish CityTV, MTV-Multilingual (now Omni TV), YTV, and a series of other media companies in Canada, the United States, South America and Europe.

It's his role as a communications and media pioneer that prompted him to give back to the Faculty of Law in 1998, with a donation of \$51,000 to establish the Grafstein Annual Lecture in Communications. His contribution was also made to commemorate the 40th anniversary of his graduation from the University of Toronto's Faculty of Law and the 10th anniversary of the graduation of his son, Laurence Grafstein, and daughter-in-law, Rebecca Grafstein (née Weatherhead), both from the Class of 1988. "To create an annual lecture on communications was most appropriate as the industry is a rapidly changing one that I've been fortunate to be part of over several decades," says Grafstein. "The gift is also in return of the great education I received at the Faculty of Law."

The gift is endowed and creates a permanent source of funding for the annual lecture which brings some of the most influential leaders in communications policy and law to the Faculty. The inaugural lecture was delivered in the fall of 1999 by Charles Dalfen of Torys, a former

professor at the Faculty of Law. Since that time, intellectuals, practitioners, academics and business leaders have taken the podium to deliver provocative lectures on topics ranging from copyright and ownership as it relates to the Internet, to the future of books and libraries in a digital world. The 2015 lecture was given by Konrad von Finckenstein, federal court justice and former chair of the Canadian Radio-television and Telecommunications Commission. His discussion focused on how, despite the revolution in communications technologies over the past two decades, Canadian legislation and institutions have remained virtually unchanged, and how a rethink is clearly needed.

Matthew Schumer, assistant director of the Centre for Policy Law and Innovation, which administers the Grafstein Annual Lecture, says that each year, the lecture draws large crowds of students, faculty, and members of the legal, media and communications communities. "The Grafstein Lecture has built a reputation of bringing the brightest minds to campus on these topics that are so central to understanding the complex issues that intersect technology, communications and the law – precisely the issues that Senator Grafstein has been part of shaping for several decades," he says. Grafstein, who despite his busy schedule—he continues to travel regularly for the media startup companies he has cofounded—attends the lecture every year. It's an opportunity to not only hear from leading minds, but a way to come back to the Faculty—a place he credits with giving him the skills to build and sustain an exemplary career in public service, business and the law. "Each of my roles has required me to examine and weigh issues in a logical, precise and fact-based way. I developed these skills at U of T's Faculty of Law, and for that, I am extremely grateful."



DAISY HO WITH HONG KONG SCHOLARS KELVIN KA WING CHU, CHRISTY CHAN AND NATASHA HO

THE U OF T HONG KONG FOUNDATION HAS BEEN PREPARING GLOBAL CITIZENS FOR 20 YEARS.

**SEVENTY PROMISING YOUNG LEADERS FROM HONG KONG ARE
USING THEIR EXPERIENCES TO CHANGE THEIR WORLD.**

Twenty years ago, in 1995, a visionary group of University of Toronto alumni and friends established the University of Toronto Hong Kong Foundation to open doors for families without the resources to send their children overseas for a U of T education. Registered as a charity in Hong Kong, the Foundation handed out its inaugural scholarship in 1996. Dame Rosanna Wong Yick-ming (MSW 1979, Hon. LLD 1999) was the first chair of the Foundation board, and worked with a sub-committee to assist the University in selecting scholarship recipients.

At the time, the Foundation Scholarship was the most comprehensive scholarship for Hong Kong students at any Canadian university. Thanks to the generosity of alumni, parents and friends in Hong Kong who contributed to the Foundation's endowment, the scholarship supported the total cost of each year of study, placing it on par with support offered by Harvard, MIT, Oxford, and other highly respected universities. By 1998, hundreds of students responded to the Foundation's annual promotion of the scholarships.

The establishment of the scholarship program inspired friends and alumni to create additional endowed awards. With their generous gifts, Dr. Patrick Fung (BASc 1971, MBA 1973, Hon. LLD 2005) named the

Fung Yiu King Memorial Scholarship and Dr. Yu-Tung Cheng (Hon. LLD 1987) named the Cheng Yu-Tung Scholarship, both of which contribute toward a selected student's overall scholarship. U of T alumna Daisy Ho (MBA 1990) is a key champion of the Foundation, holding the position of chair since 2007. She chairs the Scholarship Committee, and is a member of the University of Toronto's Boundless Campaign Executive. She was also a member of the Dean's Advisory Board at U of T's Rotman School of Management.

The Foundation has become an invaluable connection between the University of Toronto and Hong Kong. To date, scholarships have been awarded to 70 promising young leaders who have demonstrated ability and need, and expressed the desire to experience life abroad. Recipients have graduated from U of T and become successful professionals, with careers in finance, law, education, engineering, government, research and other fields, contributing significantly to civil society in Hong Kong, Canada and elsewhere.

After attending a high school that exposed her to various international issues, Stephanie Cheung (BA 1997), a 2003 Foundation Scholar, was ready to expand her understanding of global affairs through international development studies at U of T, where

“The Hong Kong Scholarships is such a meaningful program because it helps scholars to build their confidence, become more global, and bring whatever they learn back to Hong Kong and reinvest it in society.”

– **Daisy Ho**, Chair, University of Toronto Hong Kong Foundation

she learned to analyze issues from different perspectives. “This skill is increasingly important in today’s highly complex world,” she said. “My U of T education gave me a solid background and prepared me for a career in international development.” Stephanie went on to receive a BA in anthropology and international development studies in 2007.

Now employed by the World Wildlife Fund in Hong Kong, Stephanie promotes sustainable seafood to businesses and the public, advocating for a more principled approach to consumption. She plans to continue working in community and environmental development.

In high school, Teresa Lau, a 2014 Foundation Scholar, became aware of the gap dividing the wealthy and the poor. “This experience made me realize that policy actually frames the disparities we see in society,” she explains, “and prompted me to pursue a degree in public policy.”

Teresa is thrilled to study at U of T, which she feels offers abundant opportunities for learning in a city renowned for its diversity. The co-op program she is enrolled in gives her invaluable work experience, and she is inspired by the lectures and tutorials. After graduating, she intends to repay this generosity by devoting herself to poverty eradication in Hong Kong.

“I would especially like to work on providing the chance for a good education to all children,” she says, “as I know from my own experience that knowledge can transform a life.”

Although Nicholas Yip dreamed of studying overseas, he assumed the opportunity was beyond his reach. But when members of the Foundation Scholarship Committee visited his school, he found himself inspired by their enthusiasm for U of T, and was encouraged by the possibility of the financial support the scholarship would provide.

“There was this amazing little click in my heart,” he recalls. “I would definitely say it was the scholarship that made my dream come true.” Since arriving at U of T in 2013, Nicholas, a Mechanical Engineering Foundation Scholar, has made connections with people from around the world by living in residence and taking part in University events. His interactions with his mechanical engineering professors and classmates have motivated him as he pursues his goal of becoming a professional engineer.

“There are so many learning opportunities at U of T,” he says. “By coming here, I feel I am on the right track for succeeding in my field of interest.”



HONG KONG SCHOLARS NICHOLAS YIP, TERESA LAU, NATASHA HO AND ARTHUR CHEUNG

CREATING OPPORTUNITIES FOR MATURE STUDENTS.

WITH GIFTS FROM DONORS SUCH AS HEATHER LYNN BENSON,
WHOSE ENDOWMENT PROVIDES FINANCIAL ASSISTANCE TO
STUDENTS LIKE THOSE SHE ENCOUNTERED WHEN SHE RETURNED
TO UNIVERSITY AFTER 25 YEARS IN THE WORKPLACE.



HEATHER LYNN BENSON, NIBAYDITA BISWAS AND HER FAMILY

“What better use is there for one’s money than investing in the future?”

– Heather Lynn Benson

When Heather Lynn Benson (BSc 1998 UTSC) returned to the University of Toronto Scarborough after 25 years in the workplace, she was not only eager to study Life Sciences but also had the time and financial security to do so. “I saw others who had also returned who were making sacrifices to continue their education,” she recalls. “Single moms with children at home or people who had to continue to work while pursuing their education. It made me realize just how lucky I was.”

This is why Heather established a scholarship for returning students. Matching funds from a Government of Ontario program created an endowment of \$40,000. One recipient of the Heather Lynn Benson Scholarship in Biological Sciences & Psychology is Nibaydita Biswas, who arrived in Canada from Bangladesh in 2010 with her husband and two school-age children.

“Another degree wasn’t easy for me, as mother of two who was oceans away from my social support structure,” Nibaydita says. “I had always been a high achiever academically, but I felt a world away from my former self.” Nibaydita persevered, enrolling at U of T Scarborough to study industrial microbiology in September 2011. “My husband was working part-time,” she recalled. “It was very hard bearing all those expenses and studying full-time.” Then, in November 2012, Nibaydita won the Heather Lynn Benson Scholarship. The \$1,700 provided support and encouragement at a crucial time. “I improved in the second semester, and by the end of the year, my GPA was very good,” Nibaydita says. “The award reaffirmed my confidence and kept me going to finish my degree.”

As a result of her studies at U of T Scarborough, Nibaydita is able to pursue her passion: preparing Bacillus Calmette-Guérin, a life-saving cancer medication, at the Sanofi Pasteur pharmaceuticals firm.

“It was my dream to achieve a degree from U of T before coming to Canada,” Nibaydita says. “I am very grateful to U of T Scarborough and to Heather Lynn Benson.”

Heather has made estate plans that will give even more students like Nibaydita support and encouragement to return to U of T and have the great experience she remembers. “What better use is there for one’s money than investing in the future?” she asks. Heather’s story demonstrates clearly how an endowed scholarship can have an impact on the future of education in a meaningful and personal way. Donors who create endowments are not only investing in a great institution, they are supporting the dedicated men and women who will be the leaders of tomorrow.

An endowment also recognizes a successful undergraduate career. “I had such a good time and thoroughly enjoyed the U of T Scarborough experience,” Heather says. The principal objective of the endowment, however, is to make a difference to people like Nibaydita. “I hope that the proceeds will encourage students to stay in school and complete their education,” Heather says. “I only wish I had been encouraged to complete my university education sooner.”

ENDOWMENTS TO APRIL 30, 2015

Sheila Brown
Chief Financial Officer

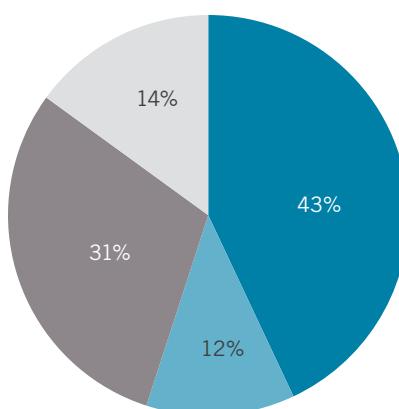
Endowed giving has helped the University of Toronto become one of the world's top universities – a global leader recognized for its accessibility and excellence in research and teaching. Endowments established by our generous donors enable students to learn alongside world-leading faculty, and contribute to the groundbreaking research that takes place across all of our campuses.

In summary:

- investment return net of investment fees and expenses for 2014-15 was 15.0%;
- endowment spending allocation (“payout”) was 4.1% of the opening balance market value; and
- fees and expenses were 1.2% of the opening balance market value.

The University of Toronto Endowments totaled \$2.1 billion at April 30, 2015 and included over 5,800 individual endowment funds. In establishing these funds, donors have chosen to support the institution's highest, continuing academic priorities.

Purposes of Endowments at April 30, 2015



● Student Aid ● Chairs & Professorships
● Research ● Academic Programs

Thanks to your support, despite the financial downturn of 2003 and the severe global financial crisis of 2009, endowments grew from \$1.6 billion to \$2.1 billion over the last ten years and provided \$586.6 million of spending for much-needed student aid, chairs and professorships, research and other academic programs.

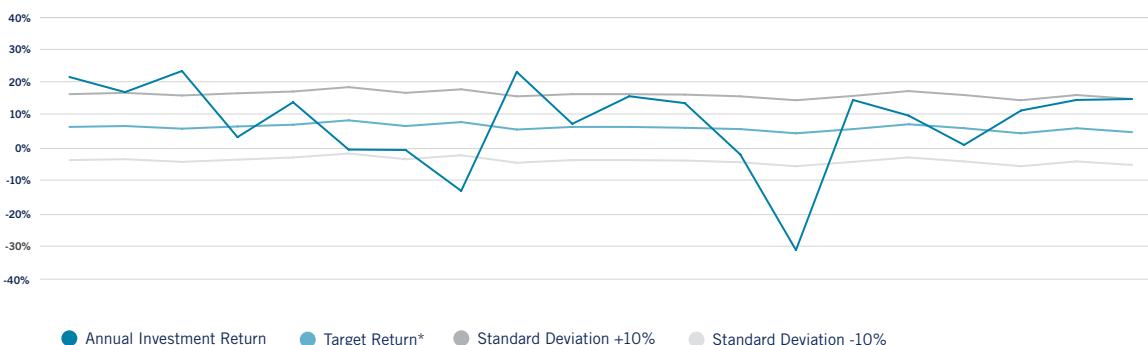
To ensure your endowment will provide the same level of economic support to future generations as it does today, the University adopted a policy that grows the capital value of the endowment while allowing spending to increase over time as a percentage of your original donation. To this end, our strategy is to not spend everything earned through the investment of funds in years when investment markets are good. In favourable years,

funds in excess of the spending allocation are set aside and reinvested. This enables both a protection against inflation and builds up a reserve for years when investment markets are poor.

The target spending allocation is 3% to 5% of opening balance market value and the actual endowment spending allocation for 2014-15 was 4.1%. To fund the spending allocation and to preserve capital against inflation over time, the University has established an investment return target of a 4% real investment return

after inflation and net of investment fees and expenses with a risk tolerance of 10% over 10 years. The investment to meet those targets is managed by the University of Toronto Asset Management Corporation (UTAM) under the direction of the University. Endowments are managed in a unitized pool. Almost all of the University's endowments hold units in this unitized investment pool, entitled the Long-Term Capital Appreciation Pool (LTCAP). Over a 20-year period, the one-year annual returns exceeded the target returns 13 times.

Long-Term Capital Appreciation Pool (LTCAP): 1-Year Annual Rates of Return



1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
21.6%	17.1%	23.4%	3.4%	14.0%	-0.4%	-0.6%	-13.0%	23.1%	7.4%	15.8%	13.7%	-2.0%	-31.0%	14.7%	9.9%	1.0%	11.4%	14.6%	15.0%
6.4%	6.7%	5.9%	6.6%	7.2%	8.5%	6.7%	7.9%	5.6%	6.4%	6.4%	6.2%	5.7%	4.4%	5.8%	7.3%	6.0%	4.4%	6.0%	4.8%
16.4%	16.7%	15.9%	16.6%	17.2%	18.5%	16.7%	17.9%	15.6%	16.4%	16.4%	16.2%	15.7%	14.4%	15.8%	17.3%	16.0%	14.4%	16.0%	14.8%
-3.6%	-3.3%	-4.1%	-3.4%	-2.8%	-1.5%	-3.3%	-2.1%	-4.4%	-3.6%	-3.6%	-3.8%	-4.3%	-5.6%	-4.2%	-2.7%	-4.0%	-5.6%	-4.0%	-5.2%

*The target return from 1996 to 2002 was 5% plus CPI and after 2002, it was set at 4% plus CPI with a 10% standard deviation.

Compared to the 10% risk corridor, returns over the same period were within the corridor 13 times, above it 5 times and below it twice. The investment return net of investment fees and expenses for 2014-15 was 15.0%.

Each endowment account holds units in LTCAP that reflect the number of dollars contributed and the unit value on the dates of contribution. The market value of each unit changed as follows:

Unit market value at May 1, 2014	\$190.07
Investment earnings per unit	\$30.73
Fees and expenses	(\$2.26)
Endowment spending allocation	(\$7.71)
Unit market value at April 30, 2015	\$210.83

The amounts pertaining to your particular endowment account are obtained by multiplying the value per unit by the number of units in your endowment accounts. For example, if an endowment account holds 750 units, the market value of the endowment at April 30, 2015 was 750 times \$210.83 or \$158,123.

A detailed review of last year's investment performance, which is managed and measured on a calendar year basis by UTAM, is available in UTAM's 2014 Annual Report that may be found on UTAM's web site at www.utam.utoronto.ca.

Also, more information on endowments is available on the University website at www.finance.utoronto.ca/alerts/endowrpts.htm.

PHILANTHROPY IS CRUCIAL TO THE CONTINUED SUCCESS OF THE UNIVERSITY OF TORONTO.

WE ARE GRATEFUL FOR THE VISIONARY SUPPORT OF OUR ALUMNI AND FRIENDS.

Philanthropy is an increasingly crucial factor in the continued success of the University of Toronto. Endowed gifts, which generate permanent funding for our people, programs and infrastructure, are at the heart of the University of Toronto's deep tradition of giving and will be essential in making it possible for us to maintain our standard of excellence among the top universities in the world, and to ensure U of T remains accessible for all qualified students, regardless of financial back-ground. We thank you for your continued support of the University and its mission. We could not have achieved our standing or created the opportunities for students that we have, without the support of so many alumni and friends who give so generously and consistently.

