Endowment Returns

	UBC		
	Actual Return	Required Return	Variance
Endowment Earnings 2012/13	10.9%	5.1%	5.8%
Endowment Earnings, 4 year average	9.6%	6.2%	3.4%

Benchmark
Earnings will be driven by overall market behaviour and corresponding market volatility. The performance of a money manager is more accurately judged relative to pier benchmarks rather than return targets and the term for comparison is more accurately reflected in long term performance rather than single years. UBC's endowment returns are measured against industry returns by means of the Investment Policy Benchmark as follows :

	1 Yr	4 Yr	10 Yr
Required Return	5.1%	6.2%	7.3%
Actual Returns	10.9%	9.6%	6.1%
Inv. Policy Bench.	10.6%	10.0%	6.5%
Value Added	**0.3%**	**-0.4%**	**-0.4%**

Description
UBC's endowments are required to return an amount so as to preserve capital buying power. The long term, required fiscal return is 6.1% and is based on earning returns that equal inflation (1.0% in 2012/13 and an estimated 2% on average) while compensating the funds for a 3.5% payout ratio and 0.65% administration cost. The required return is based upon a 10 year cycle.

Person with lead responsibility for this metric: Jai Parihar, President and CEO IMANT
Data collection will be from: IMANT Investment Portfolio Review
Date: Quarter ending March 31

Explanation of Results
Earnings over the 12 month and 4 year period exceeded the required return, over the longer 10 year period, the fund returns still trail the required return but the gap has closed. Relative to the fund's respective asset class benchmarks, over the year the fund's managers generally outperformed their asset class benchmarks. Jai Parihar was hired early in fiscal 2011/12 and has put forth asset re-allocation targets that are being used to strategically transition asset classes to a new long term policy asset mix. The portfolio direction appears to be positive. IMANT recently completed a long term policy asset mix review for the Fund which will be presented to the UBC Board this Spring.

Recommended Action
None. Reassess the effect of asset re-allocation in 12 months. In the longer term the following actions could be considered if principal continues to be eroded:

1. Change payout ratio
2. Change Asset allocation
3. Change money managers
4. Change Managers of Managers
5. Change investment philosophy