

# OCAD UNIVERSITY ENDOWMENT REPORT



2022/2023

# ABOUT THE OCAD UNIVERSITY ENDOWMENT

The OCAD U Endowment provides vital support for students and the University.

It is a long-term solution for addressing the university's top priorities. Donors' endowed gifts are invested and the earnings from the investment provide ongoing support, for generations to come. This means that the impact of the gifts will be as significant in the future as it is today.

Generous support from donors to the endowment enables the University to:

- Deliver exceptional education through extensive, experiential and career-focused academic programming;
- Enhance the student experience by providing financial aid and a wide range of development and community-building opportunities;
- Foster faculty innovation and growth by attracting and retaining the best and brightest leaders and talent in the industry;
- Provide spaces and tools for students to create in an interdisciplinary environment.

Thanks to our donors, we are building a legacy – empowering emerging artists and designers to create a better future for themselves and the world around them.

For fiscal year ending  
May 31, 2023

Endowment value:  
**\$19,575,235**

Distribution to  
students and University:  
**\$676,664**

Donations:  
**\$366,279**



## What is the OCAD U Endowment?

The endowment is a fund comprised of philanthropic gifts, proceeds from estates and fundraising events, given to support OCAD University in perpetuity. The capital of the endowment is preserved and the annual payout from income earned is used to support a variety of activities and programs. OCAD U has 145 individually named funds restricted for certain purposes such as scholarships, bursaries, awards and academic programming.

## How is the distribution rate determined?

Each fiscal year, a percentage of the fund is distributed to support the students and the University. The target allocation for distribution is 3 to 4.5 percent of the opening market value. The standard distribution over the past five years has been 3.5 to 4 percent. The actual distribution for the 2022-2023 fiscal year was 3.5 percent of the opening market value.

OCAD U's distribution/payout rates are consistent with other Ontario university payout rates and meet Canada Revenue Agency disbursement quota requirements.

## How is the OCAD U Endowment Fund managed?

The endowment is managed as a pooled investment fund, very much like a mutual fund. The fund is supervised by the Investment Committee of the OCAD U Board of Governors, which has the responsibility of establishing the investment goals, benchmarks, and annual payout policies. Assets held by RBC Investor Services are externally managed by Nexus Investment Management and GMO LLC, with oversight by the Investment Committee.

The fund is managed with a long-term total return objective and is considered to be low-risk through diversification in fixed income instruments and Canadian and International equities. New contributions directed to endowed funds are used to purchase additional units based on the current market value, calculated on a monthly basis.

Based on the annualized return rate for the period ending June 30, 2023, the average return rate has been 6.3 percent over the past five years, and 8.42 percent over the past 10 years. The return rate for the 2022-2023 fiscal year was 8.26 percent.

## What is the size and growth of the OCAD U Endowment?

In the 2022-2023 fiscal year, \$19,575,235 in endowed funds generated \$676,664 for use by the University. The endowment fund has grown from \$15,686,970 in 2018 to \$19,575,235 in 2023.

YEAR	ENDOWMENT MARKET VALUE	DONATIONS	REINVESTED FUNDS	DISTRIBUTIONS	% OF PAYOUT
2023	19,575,235	366,279	(11,078)	676,664	3.5%
2022	19,896,698	731,857	(54,659)	800,811	4.0%
2021	20,021,402	232,088	3,794,370	580,126	3.5%
2020	16,575,070	589,118	444,828	647,305	4.0%
2019	16,188,429	372,502	756,441	627,484	4.0%
2018	15,686,970	229,635	501,947	623,147	4.0%

\*Market value is the total of book value plus donations, investment income, realized and unrealized gains and losses on sale of marketable securities, less payouts and fees.

## How are the fees structured?

OCAD University incurs the following fees in endowment fund operations:

*External Investment Management Expenses:* Investment management expense of approximately 1 per cent of opening market value is deducted from the endowment's investment income. This includes the fees of investment managers, consultants and custodians.

*Internal University Endowment Administration Costs:* An administrative cost of approximately 1 per cent of opening market value is deducted from the endowment's investment income. This includes fees for managing funds.

## What happens in a year when investment returns are negative?

The capital value of the endowment remains untouched as it continues to grow, and distribution to students and the University increases over time as a percentage of the market value of the fund.

In order to ensure this, excess returns are reinvested into the fund in years when investment markets are favourable. This builds up a reserve for future spending in years when markets decline or underperform, and neutralizes the impact of inflation. When investment income is less than the amount allocated for distribution, the shortfall is funded from the excess returns which have been reinvested into the fund.

## Facts and Figures

### Return on investment

Annualized rate of return for the period ending June 30, 2023

Year(s)	1	3	5	10
Total Fund*	8.26	7.23	6.30	8.42
Benchmark Return	12.71	6.59	6.14	7.63
Canadian CPI	2.90	4.70	3.30	2.50

*\*The performance of the total fund is before investment management and administrative fees*

### Current Policy Asset Mix

As of June 30, 2023

	OCAD U	Permissible Range
Canadian Equities	26%	5% - 40%
US Equities	23%	15% - 40%
International Equities	14%	10% - 25%
Fixed Income	27%	20% - 50%
Cash	10%	0% - 30%

## Corporate Social Responsibility

As per OCAD University's Statement of Investment Policies, the University supports the United Nations Principles of Responsible Investing, which was launched in April 2006. These principles acknowledge the environmental, social and governance (ESG) factors and long-term health and stability of the markets as a whole. To learn more, please visit our investment policies and guidelines ([ocadu.ca/investment-policies-and-procedures](http://ocadu.ca/investment-policies-and-procedures)).





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OCAD U Charitable Registration  
#10779-7250-RR0001

