



BOARD OF GOVERNORS
Investment Committee

Minutes of the Public Session of the Meeting of November 12, 2020
2:00 p.m. – 3:00 p.m., Videoconference

Members: Stephanie Chow (Chair), Ferdinand Jones, Thorsten Koseck, Mark Neville, Dietmar Reiner, Maria Saros, Kim Slade, Steven Murphy

Staff: Jamie Bruno, Becky Dinwoodie, Cheryl Foy, Andrew Gallagher, Brad MacIsaac

Guests: Leila Fiouzi (PH&N), Chelsea Bauer (FA), Connor Glassco (PH&N), Jacinta O'Connor (PH&N),

1. Call to Order

The Chair called the meeting to order at 2:03 p.m.

2. Agenda

Upon a motion duly made by T. Koseck and seconded by F. Jones, the Agenda was approved as presented.

3. Conflict of Interest Declaration

There were no conflict of interest declarations.

4. Minutes of Public Session of Meeting of August 13, 2020

Upon a motion duly made by T. Koseck and seconded by M. Neville, the Minutes were approved as presented.

5. Chair's Remarks

The Chair welcomed the committee to their first meeting of the Board year. She welcomed the committee's newest member, Kim Slade. The Chair commented that she is looking forward to continuing to work with the committee to advance the committee's mandate. The committee accomplished a lot last year and she is confident they will continue to make progress. She also shared that she hopes everyone continues to remain vigilant against COVID as Ontario's numbers rise. She reminded the committee to be mindful of the time to ensure they get through the agenda and encouraged robust discussion.

6. President's Remarks

The President commended the university's faculty and staff for a smooth transition to

online learning. He has heard that many other institutions are pre-recording lectures and posting them online for their classes; whereas the university's instructors and staff are going well beyond that level and our students are benefitting from this. The feedback the President has heard from our students is that they would like to get together in person and he advised that we will return to campus as soon as it is safe to do so. He stated that it is the responsible thing to be planning for a potential fall 2021 online. The President also discussed enrolment across the sector and globally, observing that it has been a strange year in terms of enrolment. He noted that there have been many externalities affecting decisions.

7. Terms of Reference Review

B. Dinwoodie presented the committee's Terms of Reference (ToR) for annual review. She noted that the ToR were last updated in November 2020 to reflect the university's new brand. The annual ToR review provides the committee with an opportunity to review the mandate, membership, and meeting frequency to ensure they continue to be appropriate. The committee members did not have any proposed changes resulting from the review.

8. Review of Statement of Investment Policies

B. Dinwoodie presented the university's Statement of Investment Policies (SIP) for annual review. The annual review presents an opportunity for the committee to be reminded of the parameters for investing the university's endowed funds. She noted that the SIP was last updated in February and highlighted the amendments. The committee members did not propose any changes to the SIP at that time.

Investment Review

9.1 Second Quarter Investment Review

L. Fiouzi reviewed the second quarter investment results set out in the report included in the meeting material. She advised that the portfolio saw a 4.2% return over the last quarter and a 5.3% return for the last year. She highlighted that they were able to preserve capital in the portfolio during the downturn in March. L. Fiouzi highlighted the recent portfolio changes and provided an overview of the rationale for those changes.

L. Fiouzi reviewed the business cycle scorecard included in the meeting material. She noted that we went through the recession and are now at the start of a new cycle. She discussed when they think the GDP will return to 2019 levels, which will likely be 2022. She also discussed the competing forces on inflation. She advised that deflationary pressures will dominate in the short-term and oil will likely remain depressed for longer.

L. Fiouzi responded to questions from the committee. There was a discussion regarding whether amendments should be made to the structure of the portfolio as a result of these changes. L. Fiouzi advised that PH&N has already made the changes they could that align with the university's SIP and Asset Class Management Strategy. Any further recommendations would be made during the non-public session.

There was also a discussion regarding the impact of the U.S. presidential election. L. Fiouzi advised that it is noise in the market and will have only a short-term impact that would not be relevant to long-term investments.

9.2 Investment Learning: University Investment Landscape

A. Gallagher shared his observations on the report entitled *Review of University Endowment and Pension Funds* by Jacky Shen, which was included in the meeting material. He noted that the average compounded growth rate was about 6.5%, which is not out of line with the long-term growth that universities expect. He also noted that the survey was done as of December 31, 2019 and 2019 was a strong year. The average return was 13.8%, which is similar to the performance of the university's portfolio. There was a small range between 12.3% to 14.8%. There was an annualized return median of 8.2% and Ontario Tech's return was just under 8%. The return of 8.2% is higher than one might expect but it reflects 2019 as a strong year and also includes 2008. Those heavily weighted in fixed income have done relatively less well than others. The average in 2019 was 20% of assets in alternative investments and Ontario Tech is at about half of that. The large bulk of assets are in very few university pools (top 7 universities make up 50% of the assets). Some of the larger funds have more flexibility in their portfolios and more opportunity to invest in some of the pools that we do not.

The university seems to be relatively middle of the road and the portfolio's returns appear to be in line with the overall survey and are moving in the direction of some of the higher returning funds with the investment in direct real estate. A member commented that they found the report interesting and, although we are a bit more conservative, this is in part due to the relative youth of the institution. The committee agreed that the presentation was helpful to them to get a better understanding of where the university fits in the context of the sector.

10. Other Business

11. Adjournment

There being no other business, upon a motion duly made by T. Koseck, the public session adjourned at 2:45 p.m.

Becky Dinwoodie, Secretary