UNIVERSITY OF NEW BRUNSWICK REPORT ON LONG-TERM INVESTMENT FUND

2023-2024

EST. 1785
UNB
UNIVERSITY OF NEW BRUNSWICK

CONTENTS

SCHOLARSHIPS & BURSARIES

INTRODUCTION

"With a market value of $437.6 million, the Fund ranks in the top 30% of Canadian university endowments."

We are pleased to present the Annual Report on the University of New Brunswick Long-term Investment Fund ("the Fund") for the year ended April 30, 2024. Key sections include a report on Fund performance, an overview of key governance arrangements for the Fund, highlights of Board approved investment and endowment spending policies, and an overview of key activities carried out by the Investments Committee ("the Committee") during the year.

WHAT IS THE FUND?

The Fund is a pooled investment fund for philanthropic gifts provided by donors to the University of New Brunswick in support of its mission. This includes endowed gifts that are intended to be held in perpetuity, and expendable gifts that have a long-term spending horizon. The Fund also includes amounts generated from operations that have been restricted for a specific purpose by the University's Board of Governors.

WHAT IS THE SIZE OF THE FUND?

The Fund had a market value of $437.6 million as at April 30, 2024, ranking in the top 30% of Canadian university endowments.

WHAT DOES THE FUND SUPPORT?

Gifts are generally restricted by donors for specific purposes. Major categories of support include scholarships and bursaries, chairs and professorships, research, library support and capital projects. The university's fundraising priorities are aligned with the key academic and research priorities of the institution. Of note, approximately 58% of UNB's total annual spending on scholarships and bursaries is funded from donor support and related investment income.

Donor gifts may be endowed or expendable. An endowed gift is one where the gift capital must be retained and invested in perpetuity; only the income earned can be used for the purpose specified by the donor. Endowments are intended to create a sustainable and predictable long-term source of funding for high priority programs and activities. Expendable gifts are also important, providing support for immediate needs such as required investments in infrastructure, programs and activities that can have a long-term impact on the university.

The university has a fiduciary responsibility to ensure that expendable gifts and endowment income are used only for the purposes specified by the donor. In keeping with this fiduciary responsibility, individual gifts and major categories of gifts are tracked separately within the university's trust accounting system. However, gifts are pooled for investment purposes.

WHY ARE GIFTS POOLED FOR INVESTMENT PURPOSES?

The pooling approach provides a number of benefits for donors, beneficiaries, and the university:

- provides opportunities for diversification, risk management, and economies of scale;
- allows access to best-in-class investment managers;
- provides opportunities for above-average long-term risk adjusted returns;
- supports a competitive annual spending rate; and
- facilitates prudent governance and oversight.

WHO MANAGES THE FUND AND WHAT ARE THE PERFORMANCE GOALS?

All assets are managed by external professional investment management firms (see page 13) in accordance with a Board approved Statement of Investment Objectives and Policy, and within specific mandates approved by the Board Investments Committee. Performance targets are established by the Committee for each mandate and at the total fund level. Performance is monitored by the Committee with the assistance of an independent performance measurement firm.

Fig. 01 MARKET VALUE LONG-TERM INVESTMENT FUND ($ MILLIONS)

As at April 30, 2024

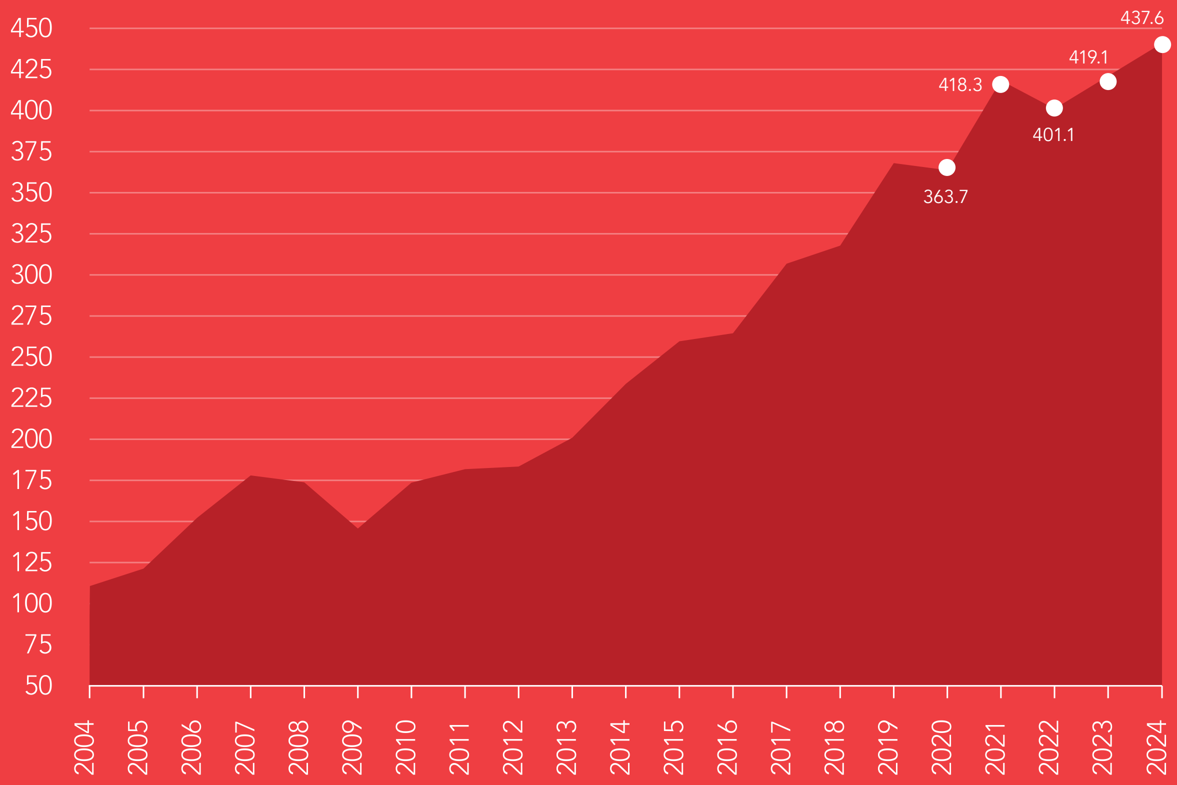


Fig. 02 FISCAL YEAR RETURNS (%)

	4-year periods ending April 30 (Annualized)		10-Year (Annualized)
	2024	**2020**	**2024**
Fund Nominal Return	7.52	6.46	6.87
CPI	(4.31)	(1.40)	(2.52)
Investment Management Costs	(0.33)	0.40	(0.37)
Fund Real Return	2.88	4.66	3.98
Target Real Return	4.00	4.00	4.00

Fig. 03 ANNUALIZED RETURNS (%)

	1 YEAR	2 YEAR	3 YEAR	4 YEAR	10 YEAR
Fund Return Investment	6.61	6.47	4.04	7.52	6.87
Investment Policy Benchmark	10.86	8.21	4.77	8.09	7.01
Excess Return	(4.25)	(1.74)	(0.73)	(0.57)	(0.14)

THE YEAR IN REVIEW

> "In what proved to be another volatile environment for investors, spending for 2024-25 was approved at the target rate."

The Fund had a market value of $437.6 million as at April 30, 2024, a net increase of 4.4% over the April 30, 2023 value of $419.1 million (see Fig. 01). This net gain resulted from a combination of new gifts and positive investment income, net of spending.

HIGHER INFLATIONARY PERIOD CHALLENGES RETURN OBJECTIVE

The Fund achieved a nominal annualized return of 7.52% for the four-year period ending April 30, 2024. The resulting four-year annualized real return of 2.88% (after inflation and investment related expenses) was below the endowment spending rate target of 4.00%. Although inflationary pressures have lessened, three consecutive years of the annual inflation rate exceeding the annual Bank of Canada's target rates have made it more difficult to meet the Primary Return Objective.

The Fund's nominal return for fiscal 2023-24 was 6.61%, underperforming the policy benchmark return by 4.25%. The policy benchmark return is the weighted average of the returns of the benchmark indices for each asset class.

While equity markets posted solid returns for the year, our well diversified managers had difficulty adding value to their respective benchmarks. The portfolio is structured such that in periods where markets decline, the portfolio tends to outperform the benchmark. Conversely, the portfolio tends to underperform the benchmark in strong markets, as witnessed in fiscal 2023-24. The objective is to generate strong long-term returns while ensuring the safety of the principal.

PRESIDENT'S TASK FORCE "INVESTING TO ADDRESS CLIMATE CHANGE"

Several Canadian Universities have become signatories to the "Investing to Address Climate Change: A Charter for Canadian Universities". The charter aims to tackle climate change through responsible investing practices. A task force was formed to recommend ways in which the principles and practice outlined in the charter can be met prior to the university becoming a signatory. Progress has been made whereby the carbon emissions and carbon intensity of the Fund are now being calculated. Additional information can be found on page 17.

INVESTMENT POLICY

An annual review of the endowment spending policy was completed in 2023-24. The annual review includes an assessment of a number of key indicators affecting the outlook for endowment spending, both in the near term and longer term. Key indicators assessed include investment returns, the status of endowment reserves, actuarial views, historical and expected returns, and best practices at other institutions.

The Investments Committee continued to pay particular attention to the long-term capital market assumptions, which when applied to the target asset mix defined in the Investment Policy, may not generate the returns necessary to fund the current 4% spending rate.

A more detailed analysis will be conducted in the coming months to determine the strategic asset mix that will optimally support the spending rate, with the additional goals of preserving capital and maintaining the spending level in real terms.

ENDOWMENT SPENDING POLICY STABLE

One of the University's objectives for the management of its endowment accounts is to maintain a reasonably stable spending rate, in all types of markets. The ability to provide a consistent spending rate from year to year is mainly due to the establishment of endowment spending reserves. In years where investment returns are in excess of what is required to meet spending requirements, inflation protection and administrative costs, the excess is considered a "reserve". The reserves are drawn down in years when investment returns are less than what it required to meet those same requirements.

Global markets experienced high levels of uncertainty over the fiscal year, as they continue to face multiple challenges such as geopolitical tensions, environmental crises and the central banks continuing their efforts to reduce inflationary pressure through tightening monetary policy and higher interest rates.

Although positive, the rate of return was not sufficient to cover the approved 4.00% spending rate, inflation protection and fees, which had a negative impact on spending reserve balances for fiscal 2023-24.

The university's trust and endowment accounts are invested in a well-diversified portfolio. Although this does not guarantee absolute protection from market downturns, history has shown that by staying the course with our long-term investment plan, the University should continue to meet its endowment spending objectives.

As mentioned above, the target rate of spending from endowments in 2024-25 remains at 4.00%. In addition, the long-term endowment spending rate target of 4.00% was confirmed.

RESEARCH

PERFORMANCE REVIEW

"Consecutive years of higher than normal inflation rates have made it more difficult to meet the 4.00% real rate of return objective."

The Committee regularly monitors the performance of the Fund against Committee approved performance objectives. Performance is reviewed at a total fund level, by manager, and by asset class.

PRIMARY PERFORMANCE OBJECTIVE:

The total annualized portfolio real rate of return (net of inflation and investment related expenses) should meet or exceed 4.00% over moving four-year periods, with an acceptable level of risk. The 4.00% real return objective is consistent with the target endowment spending rate of 4.00% annually.

The Fund's annualized real rate of return over the four-year period ending April 30, 2024 was 2.88%, below the 4.00% target. Over the longer term (10 years), the Fund achieved a real return of 3.98% (see Fig. 02).

SECONDARY PERFORMANCE OBJECTIVE:

The annualized return on total assets over moving four-year periods should exceed the weighted aggregate return of the passive investment benchmark indices for the Fund.

Over the four-year period ending April 30, 2024, the Fund's annualized return of 7.52% fell short of the policy benchmark by 57 basis points (see Fig. 03). For the one-year period ending April 30, 2024, the Fund returned 6.61%, which was below the policy benchmark by 4.25%. This followed returns of 6.34% for the year ended April 30, 2023 and -0.67% for the year ended April 30, 2022.

RISK ADJUSTED RETURNS

The Committee also reviews and evaluates the Fund's risk exposure and risk adjusted returns on a quarterly basis. Risk adjusted returns are assessed at both a total fund and individual manager level, and are compared with comparable funds and mandates.

The Fund's results were mixed on a risk adjusted basis when compared with similar funds in Northern Trust's funds universe over the long-term (see Fig. 04). For example, the standard deviation or volatility of returns was in the third quartile. Lower volatility is important when striving for consistency in spending. Alternately, the information ratio was in the bottom quartile, a direct result of the negative value added over the four year period.

ASSET CLASS PERFORMANCE

Investors have faced a challenging environment in recent years and fiscal 2024 was no exception. Global equity performance was dominated by the United States, where returns were concentrated in a few information technology stocks. As expected in a period of higher interest rates, the real estate strategy was challenged.

Canadian equities, as measured by the S&P/TSX Composite Index, returned 8.73%. Global equities, as measured by the MSCI World Index, returned 20.29% in Canadian dollars. Emerging Markets equities, as measured by the MSCI Emerging Markets Index, returned 11.30% in Canadian dollars. Canadian Bonds, as measured by the FTSE Canada Universe Bond Index, returned (0.91)%.

The Fund's external investment managers seek to add value to these benchmark index returns through active management of the portfolio. For fiscal 2024, UNB's fixed income manager exceeded the benchmark by 87 basis points. Within the equity sector, all managers failed to add value, 630 basis points in total. The Canadian Real Estate manager also failed to add value, where the benchmark is the Consumer Price Index + 4%; the under performance was 542 basis points.

The overall result is that the Fund underperformed the composite policy benchmark by 425 basis points in 2023-24.

PERFORMANCE COMPARED TO OTHER UNIVERSITY ENDOWMENTS

The Committee also compares performance at a total fund level to that of other Canadian university endowment funds. Over the long-term, the Fund has placed at the median when compared with other funds. In comparison with other Canadian endowment funds of a similar size, the Fund has a lower allocation to Canadian equities, and a higher allocation to Global and Emerging market equities, which had an impact on relative performance.

Fig. 04 KEY RISK METRICS

For rolling 4-year periods ending March 31

	2024			2023		
	UNB	MEDIAN	QUARTILE RANKING	UNB	MEDIAN	QUARTILE RANKING
RISK EXPOSURE (Volatility)						
Standard Deviation	8.70	9.54	3	9.67	9.67	3
RISK ADJUSTED RETURNS						
Tracking Error	1.57	1.97	3	1.57	1.57	2
Sharpe Ratio	0.92	0.58	2	0.47	0.47	2
Information Ratio	(0.39)	0.13	4	(0.10)	(0.10)	3

Fig. 05 COMPARATIVE RETURNS vs. NORTHERN TRUST'S DEFINED BENEFIT PENSION FUNDS UNIVERSE (%)

Annualized returns for periods ending March 31, 2024

	1-YEAR	4-YEAR
UNB Policy	14.1	10.2
UNB Actual	10.0	9.6
Northern Trust Universe - Median	8.5	7.2

Fig. 06 POLICY TARGETS AND ALLOWABLE RANGES (%)

	POLICY TARGET	ALLOWABLE RANGE	ACTUAL APR. 30, 2024
FIXED INCOME	25	20-30	
Canadian Bonds			21.1
Emerging Market Debt			0.6
High Yield Bonds			1.2
Mortgages			0.9
EQUITIES			
Canadian	15.0	10-20	15.7
Global	25.0	20-30	27.7
Low Volatility Global	15.0	10-20	15.7
Emerging Market	10.0	5-15	8.1
OTHER			
Canadian Real Estate	10	5-15	9.0

INVESTMENT POLICY & ENDOWMENT SPENDING POLICY

UNB's management of endowment accounts is based on an integrated approach to endowment spending policy and investment policy.

ENDOWMENT SPENDING POLICY

The university's endowment spending objective is to maintain a reasonably stable, competitive, inflation-adjusted spending rate. The goal is to achieve intergenerational equity by ensuring that the endowment provides a similar level of support to future generations as it does to current beneficiaries. To this end, the university establishes a target endowment spending rate that reflects the Committee's expectations for a long-term sustainable real rate of return net of inflation and investment expenses.

The Committee completes an annual review of the endowment spending rate. The purpose of the review is to consider the appropriateness and sustainability of the long-term target spending rate, and to confirm the approved spending rate for the next fiscal year.

UNB's target spending rate was lowered from 4.25% to 4.00% in 2013-14. Following the 2022-23 review, the target rate remains at 4.00%. The Canadian Association of University Business Officers (CAUBO) conducts an annual investment survey of member institutions; at 4.00%, UNB's endowment spending rate is at the median of other Canadian universities.

The long-term endowment spending rate target of 4.00% was confirmed, and endowment spending in 2024-25 was approved at the target rate subject to the continued asset mix review (as discussed on page 7).

INVESTMENT POLICY

The Investment policy for the Fund is set out in a Board approved Statement of Investment Objectives and Policy (SIOP). The SIOP establishes target allocations to major asset classes, and the allowable ranges within which actual allocations are allowed to deviate from the targets.

The target asset mix set out in the SIOP has been established to meet the endowment spending policy and capital preservation requirements, at an acceptable level of risk. Historical returns and capital market assumptions generally indicate that fixed income securities alone will not generate the returns necessary to provide income to fund current needs while maintaining the purchasing power of the endowment for future generations of students. To meet these dual objectives, the asset allocation is biased in favor of equities. However, to reduce volatility and diversify against adverse equity markets, the Fund's policy asset mix also includes a significant allocation to fixed income securities.

Asset mix is regularly reviewed by the Committee for appropriateness and for its ability to achieve the real return objective over the long term. A comprehensive review will be conducted in the coming months to determine the strategic asset mix that will optimally support the spending rate, with the additional goals of preserving capital and maintaining the spending level in real terms.

ANNUAL INVESTMENT AND ADMINISTRATIVE CHARGES

In addition to the investment management costs reflected in fig. 02, the cost of services provided by the external custodian, performance measurement provider and consultants (if applicable), are similarly charged to the Fund (0.03% of the average market value of assets for fiscal 2023-24). Internal costs are also recovered from the Fund, including costs related to the services provided by Trust and Treasury (0.03%) and a fixed amount for fundraising and stewardship operations provided by the Development and Donor Relations Office (DDR) (equivalent to (0.18%) when expressed as a percentage of the average market value assets). The recovery of costs related to DDR's operations began on May 1, 2020. These costs were previously funded via the one-time, 5% administration fee on all new gifts, which was eliminated on May 1, 2020.

The total investment and administrative costs of the Fund for fiscal 2023-24 is approximately 0.60% of the average market value of assets.

CAPITAL PROJECTS

GOVERNANCE & COMPLIANCE

"Investments Committee provides oversight within an approved policy framework."

INVESTMENTS COMMITTEE

The Investment Committee, a standing committee of the University's Board of Governors, oversees the investment of the Fund. Members of the Committee are appointed under the authority of the Board, and are accountable to the Board. The Committee has been delegated responsibility and authority by the Board to make decisions within parameters established in the Committee's Terms of Reference.

The Committee meets at least four times per year. Agenda planning is informed by a rolling twelve-month work plan, which helps ensure the Committee stays focused on three key strategic areas: risk, returns and endowment spending rate.

POLICY FRAMEWORK

The Committee has developed a policy framework for managing Fund investments and endowment spending. Key elements of the policy framework include:

- Statement of Investment Beliefs;
- Statement of Investment Objectives and Policy;
- Statement on Responsible Investing; and,
- Endowment Spending Policy.

These policies and additional information about the governance and management of the Fund can be found on the university's website.

ROLE OF MANAGEMENT

Management's role is to support good governance by providing ongoing support and advice to the Committee with respect to investment policy, endowment spending policy, investment manager structure and related matters; implement approved policies and decisions and provide regular reports on compliance and performance; and carry out the day-to-day administration of the Fund including overseeing the work of external investment managers and other service providers.

EXTERNAL PROFESSIONALS AND SERVICE PROVIDERS

All assets are managed by external professional investment management firms in accordance with mandates approved by the Committee. The Committee has engaged the services of an independent performance measurement firm. Other external specialists are used as required to provide advice on a variety of topics including asset allocation, risk management, endowment spending policy and investment manager searches.

INVESTMENT MANAGERS

BlackRock Asset Management Canada Limited *(Global Equity)*
Fidelity Investments Canada ULC *(Canadian Equity)*
Fiera Capital *(Canadian Real Estate)*
JP Morgan Asset Management *(Emerging Markets Equity)*
Phillips, Hager & North Investment Management *(Fixed Income)*
Seamark Asset Management Ltd. *(Total Equity)*
Sprucegrove Investment Management Ltd. *(Global Equity)*
Vestcor Inc. *(Low Volatility Global Equity)*

CUSTODIAN/PERFORMANCE MEASUREMENT

Northern Trust Company

CONSULTING SERVICES

Eckler Ltd.
MSCI Inc.

Fig. 07

MANAGERS WHO ARE PRI* SIGNATORIES

(As a % of assets under active management)

**Principles for Responsible Investment*

Fig. 08

MANAGERS WITH RESPONSIBLE INVESTMENT POLICIES

(As a % of assets under active management)

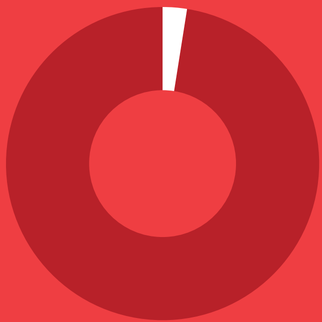


Fig. 09

MANAGERS WITH A RESPONSIBLE INVESTMENT COMMITTEE

(As a % of assets under active management)

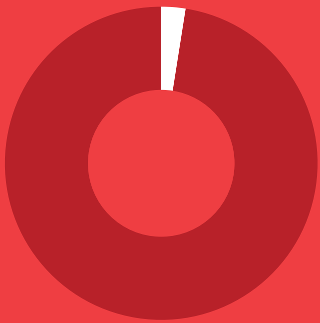
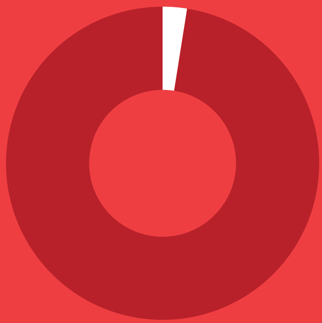


Fig. 10

MANAGERS WHO REPORT ON ESG* PERFORMANCE

(As a % of assets under active management)



***Environmental, Social and Governance*

Fig. 11

MANAGERS MEASURING THE CARBON EMISSIONS OF THEIR PORTFOLIO

(As a % of assets under active management)

For carbon intensity reporting, the industry generally faces coverage issues when it comes to the fixed income asset class. Although the carbon intensity of the fixed income portfolio is being measured by the investments manager, the coverage is not statistically significant and only covers approximately 33% of the market value of the portfolio.

FOCUS ON RESPONSIBLE INVESTING

The policy framework for managing Fund investments includes a Board-approved UNB Statement on Responsible Investing. The statement provides a broad policy framework to guide UNB's approach to responsible investing and provides a basis for communicating with stakeholders about responsible investment practices at UNB.

The framework also includes a Committee-approved Statement of Environmental, Social and Governance (ESG) Reporting Protocols for the Fund's investment managers. The statement sets out the Committee's approach to interacting with investment managers to achieve the Board's responsible investment objectives.

The Committee believes that companies that behave responsibly with respect to ESG factors will have an increased likelihood of enhanced long-term financial performance. As a result, ESG factors need to be considered among other factors to make good investment decisions.

Examples of ESG factors include:

Environment – Climate change and carbon emissions, waste management, deforestation, water scarcity

Social – Health and safety, labour relations, human rights, employee engagement

Governance – Board composition, whistleblower schemes, executive compensation

The Committee ensures external investment managers are aware of the Statement on Responsible Investing and understand the expectations that environmental sustainability and high standards of corporate social responsibility and corporate governance are considered when making investment decisions. There is also a requirement for managers to complete an annual ESG questionnaire as part of the manager review process. The Committee also encourages fund managers to incorporate in their proxy voting guidelines policies that encourage issuers to increase transparency of their ESG policies, procedures, and activities.

When selecting new investment managers, the extent in which managers incorporate the consideration of ESG principles when making investment decisions will be considered in the evaluation process.

UNITED NATIONS SUPPORTED PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI)

The PRI, supported by the United Nations, is an international organization that supports financial institutions in incorporating ESG factors into their investment decisions and encourages investors to use responsible investment to enhance returns and better manage risks. Institutions become signatories to the PRI's six key principles of responsible investment and must file regular reports on their progress. It is *not mandatory* for UNB's investment managers to be signatories to the PRI as there are a number of global ESG related initiatives that promote responsible investing practices.. However, given signatory reports are publicly available on PRI's website, signatories have been identified for those seeking additional information on UNB's investment managers' responsible investment practices, which can be found at www.unpri.org.

The following table provides a listing of the Fund's managers, mandates, signatories to the UN PRI and links which include more information on each managers approach to responsible investing:

INVESTMENT MANAGER	ASSET CLASS	UN PRI SIGNATORY
Philips Hager & North Investment Management	Fixed Income	Yes
Fidelity Investments Canada ULC	Canadian Equities	Yes
Sprucegrove Investment Management Ltd.	Global Equities	Yes
BlackRock Asset Management Canada Limited	Global Equities	Yes
Vestcor Inc.	Low Volatility Equities - Global	No
JP Morgan Asset Management	Emerging Markets Equities	Yes
Seamark Asset Management	Total Equities	No
Fiera Properties Ltd.	Real Estate	Yes

RESPONSIBLE INVESTING

Fig. 12 CLIMATE RELATED METRICS FOR FUND'S EQUITY PORTFOLIO

AUM in scope of analysis	Climate metrics are calculated for 65% of the total Fund	
Calculation date	Dec. 31, 2023	
Currency	Results are in US Dollars	
Results	Financed Carbon Emissions	56.6 tons CO_2e/USD M Invested
	Weighted Average Carbon Intensity	158.9 tons CO_2e/USD M Sales

Fig. 13
FINANCED CARBON EMISSIONS
tons CO2e/USD M Invested

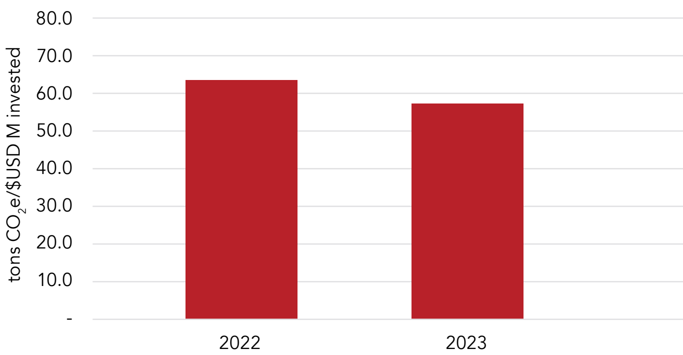
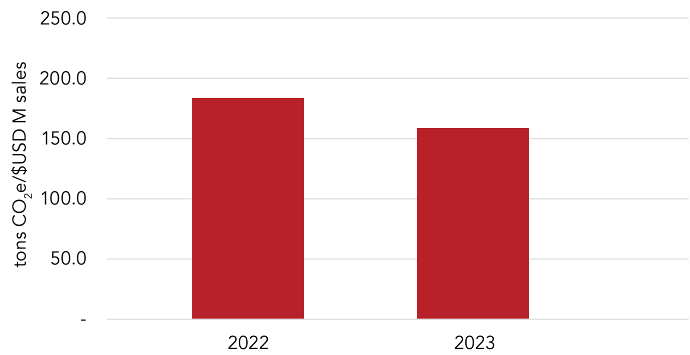


Fig. 14
WEIGHTED AVERAGE CARBON INTENSITY
tons CO2e/USD M Sales



MEASUREMENT

Financed Carbon Emissions (also referred to as Absolute Emissions) measures the carbon emissions for which an investor is responsible, per USD million invested. Emissions are apportioned based on equity ownership (% market capitalization).

$$\frac{\sum_n^i \left(\frac{\text{current value of investment}_i}{\text{issuer's EVIC}_i} \times \text{issuer's Scope 1 and Scope 2 GHG emissions}_i\right)}{\text{current portfolio value (\$M)}}$$

Weighted Average Carbon Intensity (WACI) measures the portfolio weighted average of companies' carbon intensity (emissions/sales). Each individual company's carbon intensity is calculated as the company's Scope 1 and Scope 2 GHG emissions, per million dollars of its total revenue.

$$\sum_n^i \left(\frac{\text{current value of investment}_i}{\text{current portfolio value}} \times \frac{\text{issuer's Scope 1 and Scope 3 GHG emissions}_i}{\text{issuer's \$M revenue}_i}\right)$$

SCOPE

Scope 1 - refers to all direct GHG emissions from sources owned or controlled by the company.
Scope 2 - refers to all indrect GHG emission from consuming purchased electricity, heat or steam.
Scope 3 - refers to all other emission an organization is indirectly responsible for. Examples may include the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting oganization, electricity-related activities (i.e., transmission and distribution losses), outsourced activities and waste disposal.

CARBON MEASUREMENT

As mentioned previously, a Task Force has been formed to recommend ways in which the principles outlined in the: "Investing to Address Climate Change: A Charter for Canadian Universities" can be met. One of the principles is to regularly measure the carbon intensity of a university's investment portfolios, and set meaningful targets for the reduction over time.

The University has committed to measuring the total portfolio carbon footprint of the Long-term Investment Fund and monitoring the footprint annually. The first carbon measurement was as at Dec. 31, 2022. The measurement will provide a baseline to monitor the climate reduction progress of the portfolio over time as individual companies and investment managers work towards meeting their own carbon reduction targets. Future reports will show the progress in reducing the carbon footprint compared to the 2022 baseline measurements.

While global carbon emission frameworks have not yet been regulated and methodology continues to evolve and standardize; the university will continue to align with best practices outlined in the Task Force on Climate Related Financial Disclosures.

The scope of the metrics disclosed in this report is based on the Fund's publicly listed equity holdings. Not included are cash, short-term notes, mortgages, FX contracts, bonds, and real assets, among other items. 25% of the Long-term Investment Fund (or 28% of the assets under active management) is allocated to fixed income securities. For carbon intensity reporting, the industry generally faces coverage issues when it comes to the fixed income asset class. Although the carbon intensity of the fixed income portfolio was measured by MSCI, the coverage is not statistically significant and only covers approximately 19.2% of the market value of the portfolio for the Financed Carbon Emissions measurement and 33.7% for the Weighted Average Carbon Intensity Measurement. In total, the Fund's investments included in the analysis represented approximately 65% of the Fund's assets under management as of Dec. 31, 2023. Over time, coverage and data quality should improve. The University will continue to incorporate the best available measures to monitor the carbon footprint and carbon emissions of the Fund.

All carbon footprint metrics are based on MSCI data, where publicly available emissions data is collected from companies' publicly available reports and filings. When emissions data is not publicly disclosed, estimates are provided by MSCI using their proprietary estimation models.

Currently, Scope 1 and 2 Greenhouse Gas (GHG) emissions are easily measurable by companies and are the most readily available. Scope 3 GHG emissions are more difficult to measure due to a lack of data, and different methodologies for estimating them. Given this, the University limits its calculations to Scope 1 and Scope 2 emissions.

The University is reporting on the following carbon metrics for the public equity portion of the portfolio:

- Financed Carbon Emissions - this metric is used to measure a portfolio's contribution to GHG emissions per million dollars invested. Financed Carbon Emissions are derived from an ownership approach which uses an investor's share of a portfolio company's enterprise value including cash (EVIC).
- Weighted Average Carbon Intensity (WACI) - this metric is used to measure a portfolio's exposure to carbon intensive companies.

Both Financed Carbon Emissions and WACI decreased by 12.6% year over year.

LIBRARY SUPPORT

INVESTMENTS COMMITTEE MEMBERS

(AS AT APRIL 30, 2024)

VOTING

CHRISTOPHER W.J. BOYLE
Advisor to the BOG Investments Committee
Senior Vice-President, Institutional Sales & Service
MacKenzie Investments

RIDHIMA DIXIT
Member of the Board of Governors
Alternate Student
University of New Brunswick

JENNIFER FLANAGAN
Member of the Board of Governors
Co-founder and Chief Executive Officer
Actua

TOM GRIBBONS
Member of the Board of Governors
Vice-President & Portfolio Manager
RBC Wealth Management, Dominion Securities

KEVIN HOYT
Member of the Board of Governors
Chief Executive Officer
Financial and Consumer Services Commission of New Brunswick
Chair, Investments Committee

KEVIN LEBLANC
Advisor to the BOG Investments Committee
Former Chief Operating Officer
Investment Management Corporation of Ontario
(Retired)

JANET LIGHT-THOMPSON
Member of the Board of Governors
Professor, Computer Science and Applied Statistics
University of New Brunswick

PAUL MAZEROLLE
Member of the Board of Governors
President and Vice-Chancellor
University of New Brunswick

JOHN NEVILLE
Member of the Board of Governors
Associate Professor, Dept. of Chemistry
University of New Brunswick

GAIA NOSEWORTHY
Member of the Board of Governors
Student
University of New Brunwick

DAVID PERLEY
Member of the Board of Governors

JOHN SINCLAIR
Advisor to the BOG Investments Committee
Chief Executive Officer
Vestcor Inc.

NEIL VIBERT
Member *of the Board of Governors*
Owner and Vice-President
Chemex Solutions

PETER WELDON
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