
March 31, 2017 Endowment Quarterly Investment Report

Performance Review

University of Guelph Endowment Funds
1st Quarter 2017

Prepared by:

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Endowment Funds Results Overview

(Net of fees returns for the 12 months ended March 31st, 2017)

The Total Endowment Funds gained 14.8% over the last 12 months, outperforming the unhedged benchmark by 2.2% and the hedged benchmark by 2.5%.

results overview Endowment Funds Results Overview

Canadian Equity

- The Canadian equity portfolio gained 21.2% over the past year, 2.6% above the return of the S&P/TSX index.
- Both Burgundy and Sionna contributed to the strong performance with 21.1% and 20.9% returns respectively.
- The S&P/TSX index posted an 18.6% return over the past year while Burgundy and Sionna outperformed this benchmark by 2.5% and 2.3% respectively.

Non-North American Equity

- In Canadian dollars, non-North American equities in developed markets underperformed both Canada (18.6%) and the U.S. (20.8%) with a return of 15.7%, while emerging markets equities gained 21.3% over the past year.
- Tweedy Browne and LSV outperformed the MSCI EAFE index by 0.3% and 2.5% respectively.
- The emerging markets manager (LSV) outperformed the MSCI Emerging Markets index

U.S. Equity

- U.S. equity markets performed well in Canadian dollar terms with a 1-year return of 20.8% for the S&P500.
- The Endowment's U.S. equity investments gained 22.8% over the last year, outperforming the S&P500 index by 2.0%.
- The U.S. large cap manager (Fiduciary) lagged the S&P 500 index by 0.5%. The mid cap mandate managed by Wedge beat its benchmark by 0.3%, while Wedge's small cap strategy underperformed its benchmark, Russell 2000 Value Index, by 7.0% over the past year.

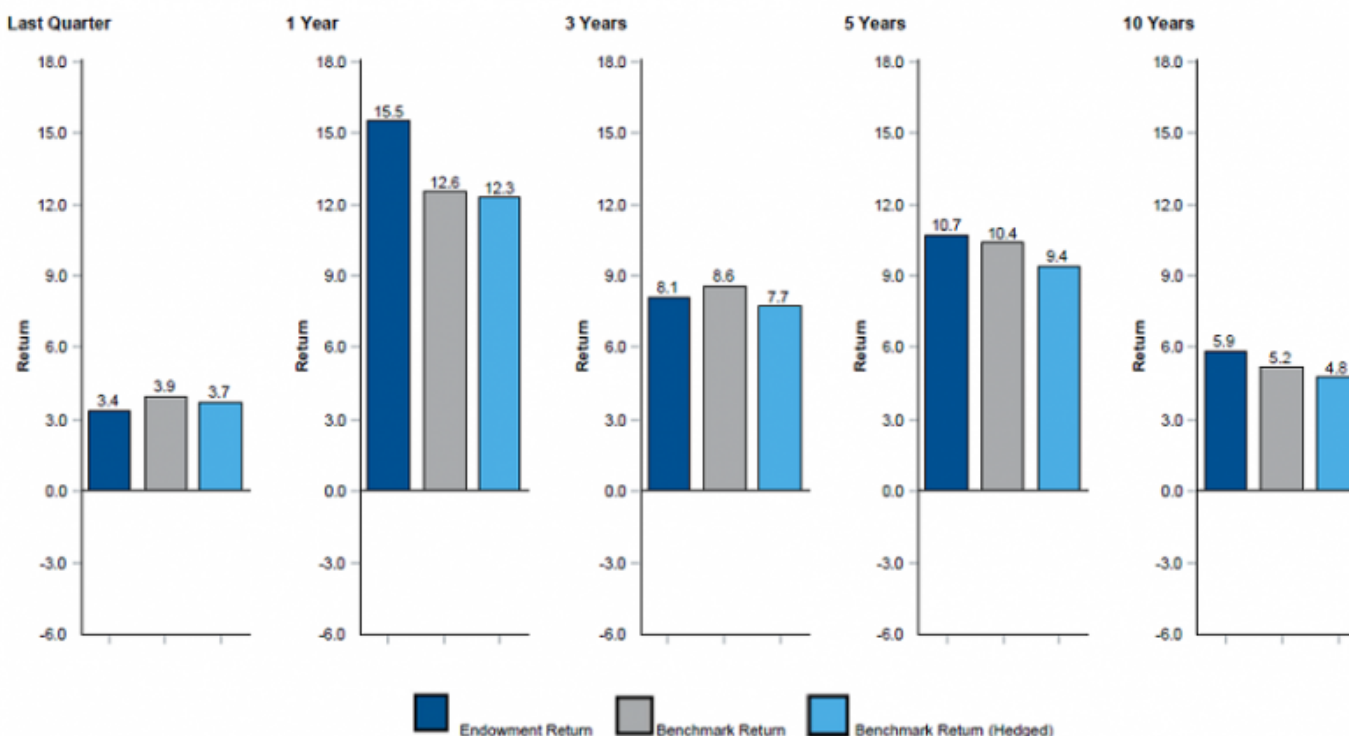
Fixed Income

- The Canadian fixed income portfolio is indexed to the FTSE TMX Universe and, as expected, closely matched its return of 1.5%.
- The infrastructure portfolio managed by Brookfield outperformed its index by 11.0% over the past year. Short-term returns should be interpreted with caution due to the long term nature and illiquidity of the investment.

Endowment Funds Results Overview
 by 7.7% over the past year.

Total Endowment Portfolio Vs Endowment Policy Benchmark

As of March 31, 2017 (Gross of Fees, Annualized for Periods over 1 Year)



Returns are presented gross of fees in CAD.

Endowment Policy Benchmark: 30% FTSE TMX Bond Universe + 7.5% Infrastructure (CPI+5%) + 17.5% S&P/TSX Composite + 20% S&P 500 (\$CAD) + 20% MSCI EAFE Net (\$CAD) + 5% MSCI Emerging Markets Index. The Hedged Endowment Policy Benchmark has the same composition as the Endowment Policy Benchmark, but all foreign indices are 50% hedged back to Canadian dollars since November 2010.

Asset Class Performance

As of March 31, 2017 (Gross of Fees)

Asset Class Performance	Allocation Market % of Value portfolio	Annualized Performance (%)					Annual Performance (%)					
		to Date	Quarter 1 year	3 years	5 years	10 years	2016 to 2017	2015 to 2016	2014 to 2015	2013 to 2014	2012 to 2013	
Canadian Equity	76,360,392	18.2	-0.2	21.7	4.9	9.6	5.9	21.7	-8.5	3.6	20.2	14.2
S&P/TSX Composite Index			2.4	18.6	5.8	7.8	4.7	18.6	-6.6	6.9	16.0	6.1

Allocation	Annualized Performance (%)	Annual Performance (%)									
Relative Performance	-2.6	3.1	-0.9	1.8	1.2	3.1	-1.9	-3.3	4.2	8.1	
US Equity	99,420, 23.7	4.0	23.7	17.2	20.8	10.3	23.7	-0.2	30.6	31.4	21.6
S&P 500 Index (CAD)		5.5	20.8	17.6	20.0	9.1	20.8	3.9	29.4	32.4	15.8
Relative Performance		-1.5	2.9	-0.4	0.8	1.2	2.9	-4.1	1.2	-1.0	5.8
Non-North American Equity	87,160, 20.8	7.3	18.2	8.5	14.1	5.1	18.2	-3.6	12.0	29.6	17.0
MSCI EAFE Composite		6.8	15.7	7.5	12.6	3.0	15.7	-5.9	14.2	28.3	13.6
Relative Performance		0.5	2.5	1.0	1.5	2.1	2.5	2.3	-2.2	1.3	3.4
Emerging Markets Equity	20,624, 4.9	12.5	30.2	9.9	8.9	N/A	30.2	-12.1	16.1	7.6	6.9
MSCI Emerging Markets Index		10.9	21.3	8.2	7.2	4.6	21.3	-9.8	15.7	7.5	4.0
Relative Performance		1.6	8.9	1.7	1.7	N/A	8.9	-2.3	0.4	0.1	2.9
Canadian Fixed Income	109,935,463	1.3	1.8	4.3	3.7	5.0	1.8	0.8	10.4	1.0	4.9
FTSE TMX Canada University Bond Index		1.2	1.5	4.1	3.5	4.8	1.5	0.8	10.3	0.8	4.5
Relative Performance		0.1	0.3	0.2	0.2	0.2	0.3	0.0	0.1	0.2	0.4
Infrastructure	25,098, 6.0	2.0	19.3	18.1	N/A	N/A	19.3	9.1	26.5	N/A	N/A
CPI + 5%		2.4	6.6	6.3	6.4	6.6	6.6	6.3	6.2	6.7	6.2
Relative Performance		-0.4	12.7	11.8	N/A	N/A	12.7	2.8	20.3	N/A	N/A



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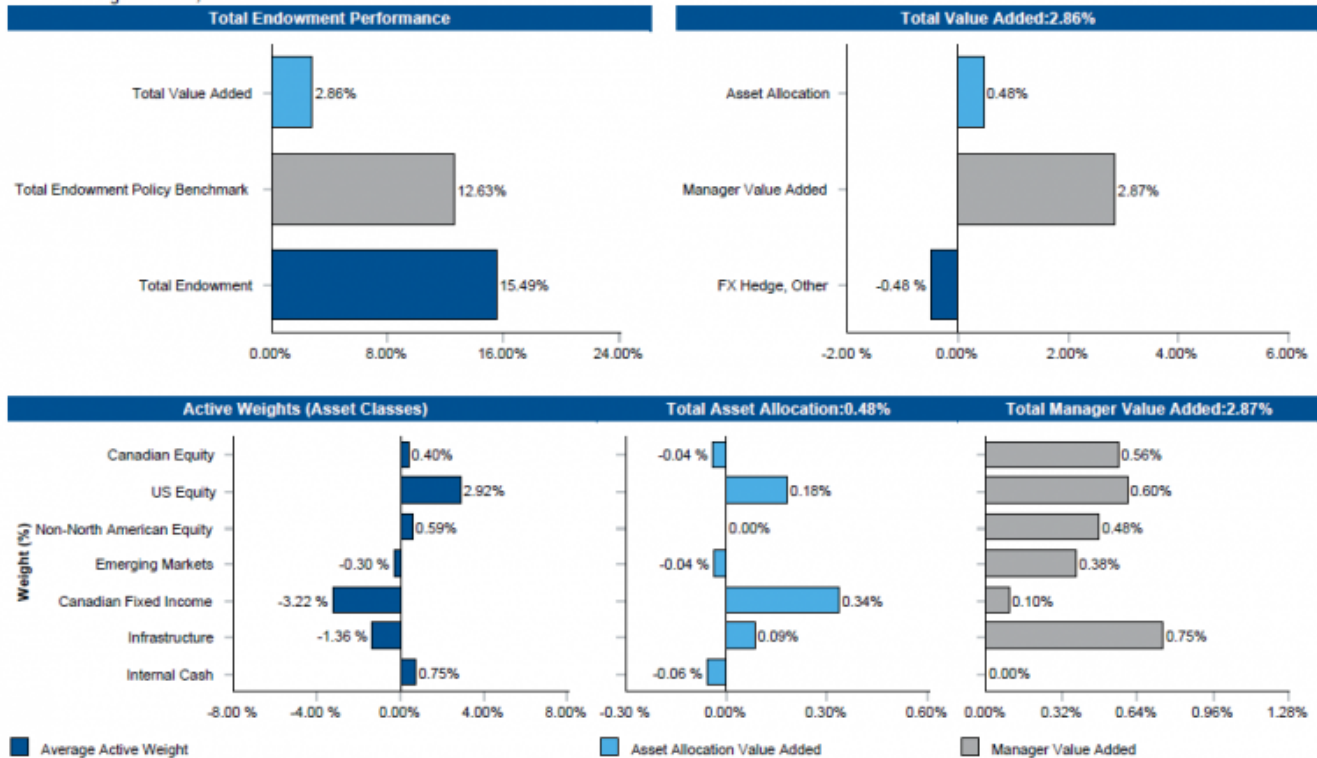
Allocation	Annualized Performance (%)				Annual Performance (%)							
Internal Cash	640,405	0.2	0.0	0.0	-1.0	-1.1	N/A	0.0	-0.2	-2.6	-2.7	-0.1
FTSE TMX Canada			0.1	0.5	0.6	0.8	1.3	0.5	0.5	0.9	1.0	1.0
91 Day T-Bill												
Relative Performance			-0.1	-0.5	-1.6	-1.9	N/A	-0.5	-0.7	-3.5	-3.7	-1.1
Total Endowment	419,078,866	100.0	3.4	15.5	8.1	10.7	5.9	15.5	-3.3	13.1	15.9	13.6
Gross of Fees												
Net of Fees			3.2	14.8	7.4	10.1	5.3	14.8	-3.9	12.3	15.4	13.0
Relative Performance			0.2	0.7	0.7	0.6	0.6	0.7	0.6	0.8	0.5	0.6
Endowment Policy Benchmark (Hedged)												
Relative Performance			-0.3	3.2	0.4	1.3	1.1	3.2	-1.3	-0.5	1.4	3.9
Total Endowment (Gross of Fees)	419,078,866	100.0	3.4	15.5	8.1	10.7	5.9	15.5	-3.3	13.1	15.9	13.6
Total Endowment ex. FX Overlay												
Relative Performance			0.0	-0.4	-1.2	-1.3	-0.5	-0.4	-0.9	-2.4	-2.8	0.2

Endowment Policy Benchmark (Hedged): 30% FTSE TMX Bond Universe + 7.5% Infrastructure (CPI+5%) + 17.5% S&P/TSX Composite + 20% S&P 500 (\$CAD) + 20% MSCI EAFE Net (\$CAD) + 5% MSCI Emerging Markets Index.. All foreign indices are 50% hedged back to Canadian dollars since November 2010.

All returns are reported gross of fees in CAD except for the Total Endowment where returns are displayed both net and gross of fees. EAFE stands for Europe, Australasia and Far East. Cash amounts and percentages presented exclude residual manager cash balances and currency overlay (currency hedging).

Performance Attribution

Total Endowment Funds Vs Endowment Policy Benchmark
 1 Year Ending March 31, 2017



Returns are presented gross of fees in CAD.

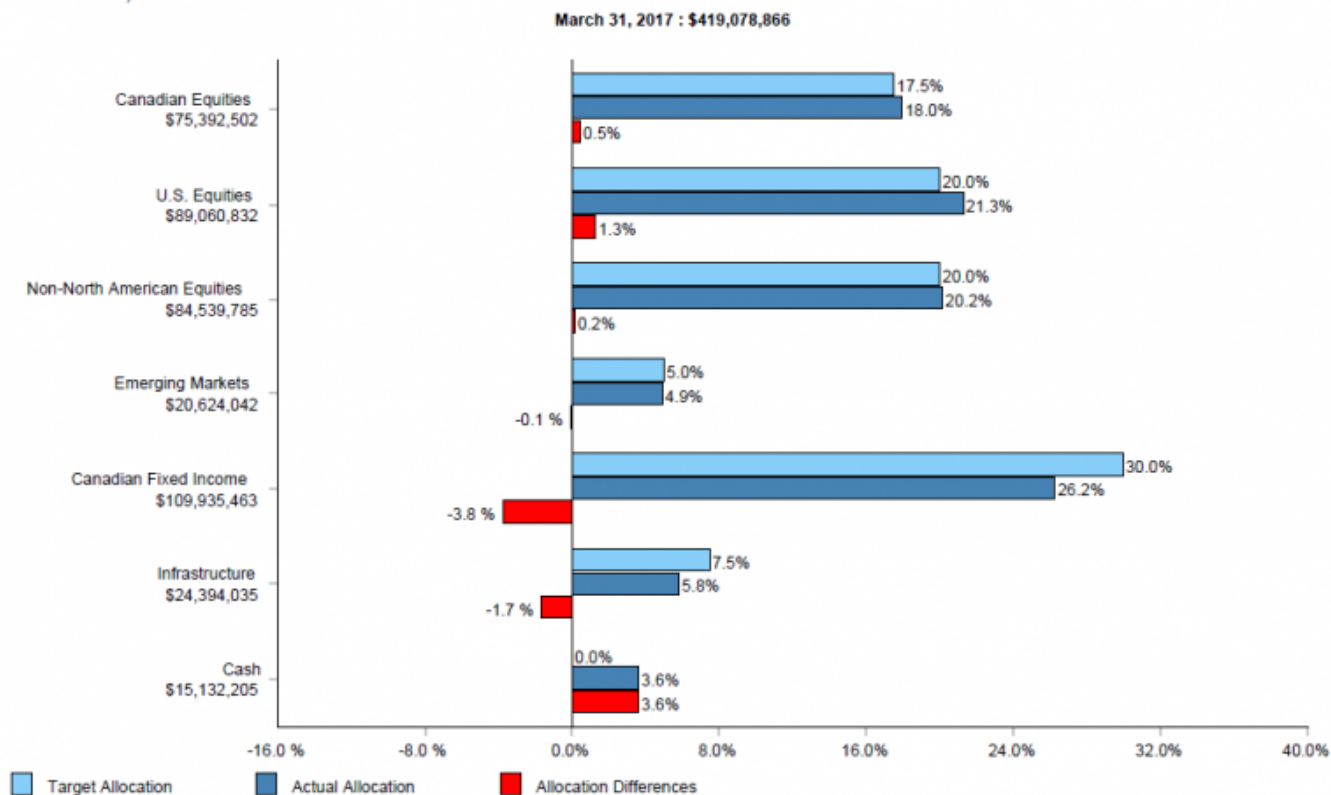
Endowment Policy Benchmark: 30% FTSE TMX Bond Universe + 7.5% Infrastructure (CPI+5%) + 17.5% S&P/TSX Composite + 20% S&P 500 (\$CAD) + 20% MSCI EAFE Net (\$CAD) + 5% MSCI Emerging Markets Index.

The Benchmarks do not assume currency hedging.

“Other” includes the effects of all other factors on the Total Endowment's relative returns, including rebalancing and residual trading activity.

Endowment Asset Mix

Actual Allocation vs. Investment Policy Allocation
 As of March 31, 2017

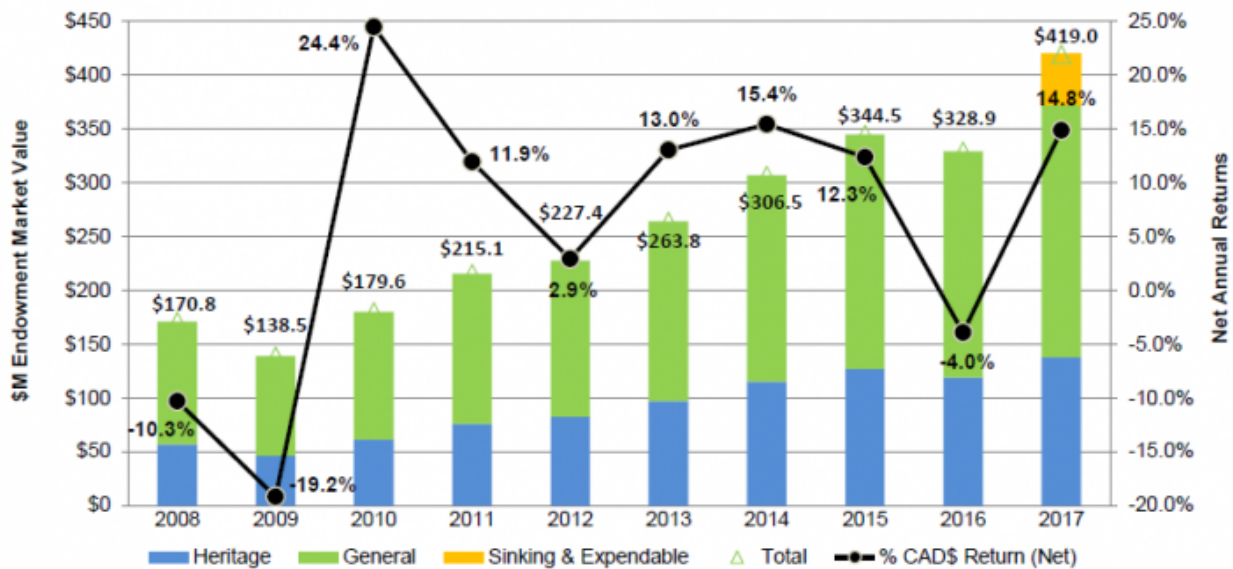


Note: This actual allocation displays the aggregate managers' holdings regardless of their mandate. Cash includes internal cash directly owned by the Endowments and manager residual cash balances (data from CIBC Mellon).

Growth of Endowment Assets

March Market Values and Net 1-Year Returns to March 31st of Each Year

March Market Values and Net 1-Year Returns to March 31st of Each Year



Over the last 12 months the total Endowment portfolio increased from \$328.9 M to \$419.0 M consisting of:

- Total contributions of \$45.2 M and distributions of \$7.2 M.
- 1-year return (net of investment management fees) of 14.8% compared to -4.0% one year ago.

Per Expendable Fund Investment Policy approved by the Board on Jun. 3, 2016, all sinking funds and a portion of expendable funds are now invested in this portfolio.

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