

Photo: Deborah Nicholson

REPORT to DONORS

Endowments and Investments
2011-2012



ACADIA
UNIVERSITY



Photo: Mike Dembeck (98)



“Our students excel because they are supported and encouraged. That human connection explains why Acadia feels so much like a family.”

Mr. Raymond E. Ivany
President and Vice-Chancellor, Acadia University

THANK YOU for INVESTING in ACADIA

Throughout our 174-year history, the generosity of one generation has opened the door of educational opportunity for the next. Our donors and supporters ensure that today's Acadia students receive a rigorous, yet personal, education that develops their full potential.

The financial support you direct toward our students, programs, and facilities allows Acadia to be accessible and sustainable. This is important because more than ever our future depends on graduates who are prepared to confront the most challenging problems facing our planet.

Please know that the entire Acadia community is grateful for the support we receive and for the opportunity we have to create an exceptional environment for learning. Our endowment is one means of connecting the achievements of yesterday with our hopes for tomorrow. You are an important part of our Acadia family, and I value deeply your ongoing support of Acadia University. Thank you for continuing the tradition.



Raymond E. Ivany
President and Vice-Chancellor
Acadia University



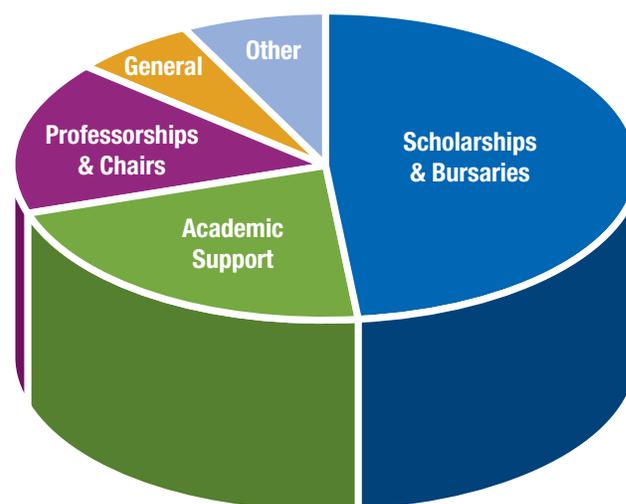
ACADIA
UNIVERSITY

ACADIA'S ENDOWMENT

Acadia University has more than 600 individual and specific endowed funds. All represent gifts that are invested in perpetuity, with a portion of the annual investment return allocated to the purposes identified by the donors. Endowments ensure that financial resources are available to support Acadia's mission. They play a critical role in providing future generations with access to scholarships and bursaries, outstanding teachers, research opportunities, and other vital resources. To achieve this outcome, Acadia's endowment is managed by professional investment counsel under the oversight and supervision of the University's Investment Committee.

Prudent management is crucial to our ability to meet Acadia's current and future needs. Accordingly, our Investment Policy takes a conservative, long-term view and focuses on protecting the revenue stream and future purchasing power of endowed funds. The Policy, which ensures that the University's investments are spread appropriately across asset classes, is reviewed regularly. The results achieved by all fund managers are assessed quarterly by a professional investment-performance firm.

The current spending rate from Acadia's endowment is capped at 6 per cent of the market value as of December 31, with any additional returns being applied back to the capital for each account. Professional management of the University's endowment costs 0.5 per cent of earnings annually.



What does Acadia's endowment support?

SCHOLARSHIPS & BURSARIES **48.3%**

Financial support is crucial as a way to attract new students, retain current students, and make Acadia accessible to all deserving students regardless of their income. Donations are directed to scholarships, prizes, awards, bursaries, or financial aid. The University's Scholarships, Prizes, and Awards Committee meets regularly to advise on academic requirements. Half of Acadia's students receive some form of financial assistance or reward.

ACADEMIC SUPPORT **21.9%**

Enhancing the learning environment is important at Acadia. Gifts to this area support individual faculties and improve facilities and academic programming. Examples include the K.C. Irving Trust and offsite learning centres such as the Morton Centre.

PROFESSORSHIPS & CHAIRS **16.0%**

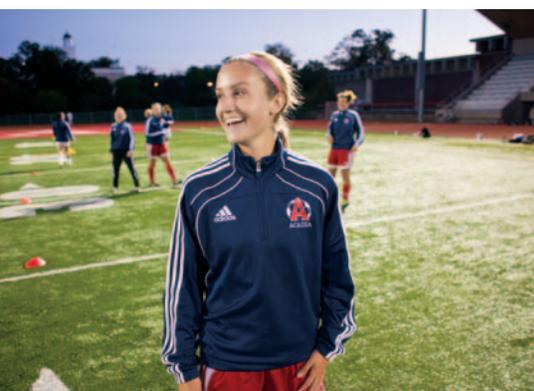
Extending support to individual professors takes their efforts to the next level in teaching, research, and professional development. Contributions support research activities, academic pursuits, teaching assistants, and lectureships. Perhaps one of the best examples in this category is the Alan D. Foulis Chair in Engineering, which provides a position in the engineering school and has enhanced its laboratories.

GENERAL **6.5%**

Undesignated gifts allow the University to support areas of greatest, and sometimes immediate, need.

OTHER **7.3%**

With a variety of designated gifts, the University offers support to a multitude of stakeholders. Examples in this category range from funding for acquisitions by the Vaughan Memorial Library to building enhancements and programming for the Manning Memorial Chapel.



FACTS and FIGURES

Statement of Changes FOR THE YEAR ENDED MARCH 31, 2012

For the one-year period ended March 31, 2012, the Endowment Fund had a market value in excess of \$57.4 million. Contributions to the fund were \$1.9 million for the year.

The fund paid out \$2.9 million, averaging a 4.3 per cent disbursement. Historically, fund investment returns and disbursements have been consistent with appropriate industry benchmarks.

For 2011–2012, the administrative fees were 0.5 per cent of total earnings, which covers the Endowment Fund's investment-management fees, custodial fees, and administrative costs. This rate represents one-sixth of the industry standard (3.0%).*

*Canadian University Investment Survey December 31, 2011

Beginning balance **\$59,888,625**

Revenue and additions

Bequests and donations	\$1,315,975	
Market appreciation (depreciation)	(1,541,134)	
Transfer from special reserves	621,305	
Transfer from operating	<u>10,476</u>	406,622

Expenditure and income transfers

Investment services	\$280,647	
Loan payment	770	
Transfer to research	1,443	
Transfer to special reserves	1,481,641	
Transfer to operating	<u>1,118,484</u>	<u>2,882,985</u>

Balance at end of period **\$57,412,262**



Market Performance and Annualized Returns FOR THE YEAR ENDED MARCH 31, 2012

Acadia University Endowment Fund performance over five years is 0.03 per cent compared to the median of 2.88 per cent for plans less than \$100 million. The Investment Committee has made a number of changes to the fund managers in the last two years to address overall performance. The Committee closely monitors results with the focus on long-term performance.

Years	Book value	Market value	Annualized returns
1	\$55,400,000	\$57,400,000	-2.65%
2	\$55,300,000	\$59,900,000	3.85%
3	\$53,000,000	\$53,700,000	11.32%
5	\$53,400,000	\$50,300,000	0.03%

Asset and Manager Allocation FOR THE YEAR ENDED MARCH 31, 2012

The table demonstrates the allocation of Acadia's endowed funds, with the highest weighting to Canadian Equity, followed closely by Fixed Income and Cash.

Canadian Equity	38.3%
Fixed Income and Cash	35.0%
U.S. Equity	13.3%
Global Equity	13.3%



FREQUENTLY ASKED QUESTIONS

How is spending from an endowed fund determined?

Each year, the Investment Committee meets to establish the disbursement percentages (as per the Investment Policy guidelines) for the current year. At present, Acadia University uses a calculation method based on average payments over three years. The disbursement percentage is selected based on market returns, preservation of the capital of the fund, and the current year's requirements. The three-year average is based on the market value of the Endowment Fund on December 31 in each year.

Typically, the selected disbursement is between 3 per cent (minimum) and 6 per cent (maximum) of the December 31 average value.

This spending percentage is applied to the year-end market value of each individual fund to determine each disbursement. If the adjusted market value (the year-end market value less the disbursement) is below the book value (the original gifts and bequests to the individual fund), then the disbursement is not made.

What happens in a year when investment returns fall?

The past number of years have seen significant market volatility and periods in which the market value of the endowed funds has depreciated. The Investment Committee monitors not only our fund's performance, but also that of the market and comparable investment funds. In recent years, the Investment Committee has communicated to specific investment fund managers its concern with regard to performance. The Committee also monitors each firm's processes, staffing (people), and policies. Any changes in any of these areas may require action by the Investment Committee. In the last three years, the Committee has terminated relationships with certain investment firms

and continues to minimize risk to the endowed fund's market value, while generating modest appreciation to support annual disbursements.

When investment returns have been negative, an individual fund would recognize a market value depreciation. If the fund has not had significant market appreciation in previous years (greater than the annual disbursement percentages), it will not be able to support the current year's disbursement. While this is difficult for the benefactors of the fund, as well as for Acadia, it is essential, and University policy, for the original book value of the fund to be maintained.



Who manages the fund?

Acadia's endowed funds are managed by professional investment managers, under the direction of the University's Investment Committee, which comprises members of our Board of Governors. To support this activity, Acadia's Investment Policy is reviewed annually to ensure alignment with the investment strategy. The current Investment Committee membership includes six members of the Board of Governors, the President, and the Treasurer.

MEMBERS OF THE INVESTMENT COMMITTEE OF THE BOARD 2011-2012

Mr. N. McIntyre, Chair	Dr. T. Raddall
Mr. G. Bruce	Mr. D. Reed
Mr. B. Frizzell	Mr. R. Ivany, President
Mr. D. Hastings	Mrs. M. MacVicar, Treasurer

How does capital preservation work?

The concept of capital preservation is central to managing an endowment. A prudent portion of annual investment earnings is spent to meet certain clearly defined needs of the University community. The remainder is continually added back to the

capital base, protecting against inflation so that the donation retains or increases its purchasing power over time, thereby ensuring annual distributions equally benefitting existing and future generations of students and faculty.

How does the University's endowment grow?

The generosity of Acadia alumni, faculty, students, parents, and friends together created Acadia's endowed funds. While every donation to Acadia is gratefully appreciated, endowed gifts have a particularly

enduring impact. A century from now, and as the principal grows through investment earnings, students will continue to benefit.



“I was offered financial rewards for my efforts in high school, and more support as I progressed through my program. It has allowed me to focus on developing my leadership skills. Thank you for making my university experience the best in my life.”

Kyle Power ('13)



Kyle Power enjoys volunteering with Acadia's S.M.I.L.L.E. program as a way to give back.

“As a student, I appreciated Acadia's beautiful campus and caring employees, but never thought about what it takes to provide and maintain them. As an alumnus, I contribute to Acadia fundraising campaigns because I see that students continue to gain everything that we did even though economic and social conditions seem to be vastly more trying today.”

Les Oliver ('62, '66)



Fred Chenhall and Les Oliver present a \$62,000 donation from the Class of 1962 to President Ray Ivany during their reunion.

“Coming to Acadia has not only given me a chance at a better life, it most likely saved my life. I still find it hard to believe that the Acadia family reached out and helped sponsor me to attend Acadia. You saw me through the darkness. I cannot thank each of you enough.”

Aminah Gedi ('13)



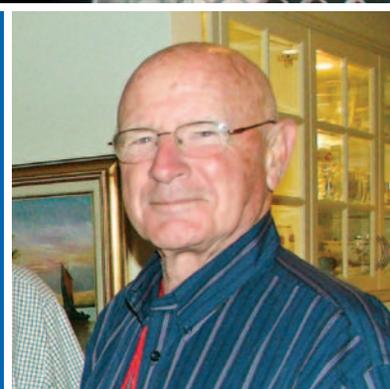
Aminah Gedi is thankful that Acadia chose her as part of its student refugee program.



Photo: Andrew Tolson, Maclean's magazine

“Acadia has been good to me and my classmates. We made lifelong friends. We learned in a creative environment and gained a first-class education, which has stood us well. Acadia needs our support. That’s why I give.”

Dr. Thomas Raddall ('57)



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