

2023 Endowment update

Thank you

We are pleased to present your 2023 University of British Columbia (UBC) Endowment Summary Report. Your generosity supports UBC students, faculty, and programs now and for generations to come. Endowments are the bedrock of our future and your legacy provides dependable, ongoing funding while offering long-term stability.

Your endowment is expertly managed by UBC Investment Management (UBCIM) to maximize earnings over the long term. We are grateful for your gift that will help transform the university and provide a strong foundation for us to shape a better world.

MARKET UPDATE

At the beginning of 2022, capital markets seemed poised to return to normalcy as COVID restrictions diminished and extraordinary fiscal and monetary support measures receded. However, this quickly changed when Europe became embroiled in a war, causing food and commodity prices to soar; runaway inflation led to a rise in interest rates; global fixed income markets suffered one of their worst years on record; and most global equity markets experienced significant declines. Despite these challenges, the Endowment Fund performed well, delivering a solid return of 4.7%, surpassing its benchmark by a large margin. This success can be attributed to our strategic allocation to resilient, inflation-linked asset classes such as

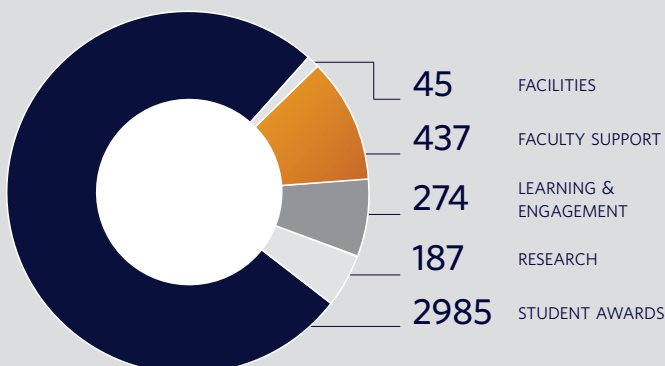
infrastructure and private credit, and to skillful execution by our managers in private equity, hedge funds, and real estate. Looking ahead, capital markets appear to be stabilizing, though inflation, recession, and geopolitical risks remain front of mind. Despite these uncertainties, UBCIM has built a portfolio capable of supporting UBC's spending needs in all market conditions.

SPEND RATE UPDATE

The UBC Board of Governors establishes spending rates on an annual basis for endowments based on analysis and advice from UBC Administration and UBCIM. Spend rates for over 3,900 individual endowments are reviewed to ensure that the level of spending is sustainable and based on future projections of market returns not on historical performance. This enables your gift to maintain its value over time, ensuring intergenerational equity.

In 2022, rising inflation and weaker financial market returns had a detrimental impact on all endowments. However, due to strong investment returns in previous years, many established endowments had built up substantial cushions allowing them to maintain a spending rate of 4.0% while newer endowments that did not have this cushion were set at 3.5% and will remain at this rate until it is determined that a higher spending rate is sustainable.

NUMBER OF ENDOWED FUNDS BY DESIGNATION



SINCE THE FIRST ENDOWMENT WAS ESTABLISHED IN 1920s

ENDOWMENT INCOME HAS PROVIDED

172,753 awards



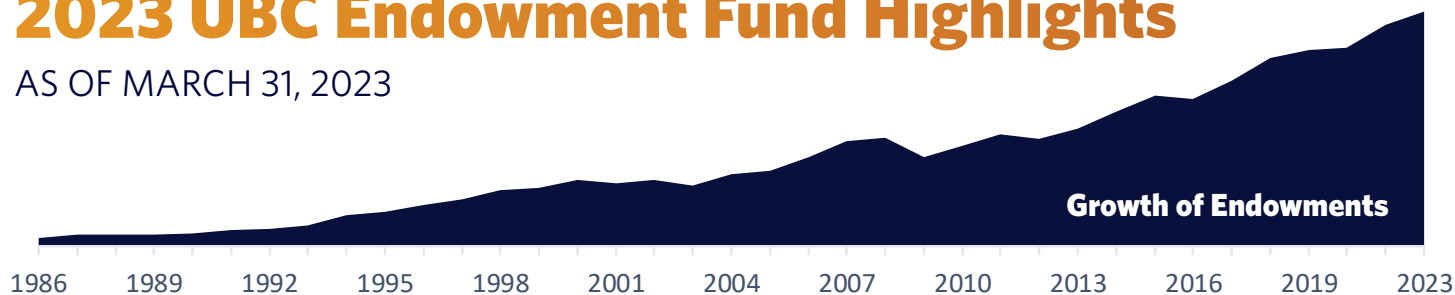
TOTALLING

\$307,939,983
TO STUDENTS



2023 UBC Endowment Fund Highlights

AS OF MARCH 31, 2023



UBC Investment Management has been managing the UBC Endowments' assets since 2003 with the goal of maximizing net real returns in accordance with Fund's objectives, spending requirements and risk parameters.

Over the fiscal year ended March 31st 2023, the UBC Endowment Main Pool returned 4.7% net of all external management fees, beating its policy benchmark return of -0.3%.

The market value of the Endowment assets managed by UBCIM reached \$2.19 billion on March 31, 2023. Combined with the \$616 million of the Trek Endowment invested in student housing loans and faculty loans, and \$25 million in other endowments, total UBC endowments now exceed \$2.8 billion.

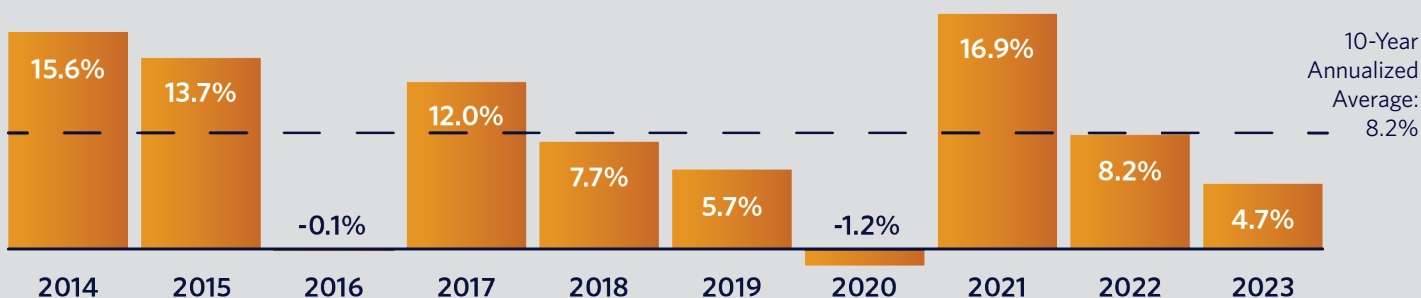
ASSET ALLOCATION

	CURRENT MIX	LONG-TERM TARGET
Cash	1.3%	2.0%
Government Bonds	2.3%	3.0%
Private Credit	9.0%	8.0%
UBC Debenture	4.3%	4.5%
Total Fixed Income	16.9%	17.5%
Global Equities	30.5%	30.0%
Emerging Equities	14.7%	15.0%
Private Equity	10.4%	10.0%
Total Equities	55.6%	55.0%
Real Estate	9.4%	10.0%
Infrastructure Equity	11.0%	10.0%
Total Real Assets	20.4%	20.0%
Absolute Return Program	7.1%	7.5%
	100%	100%

ENDOWMENT ANNUALIZED RETURNS ON INVESTMENT

	ONE YEAR	TWO YEARS	THREE YEARS	FIVE YEARS	TEN YEARS
Actual Return*	4.7%	6.5%	9.8%	6.7%	8.2%
Policy Benchmark	-0.3%	1.5%	6.9%	5.5%	7.5%
Required Return**	9.1%	10.4%	9.2%	8.0%	6.8%

ENDOWMENT YEAR BY YEAR RETURN AS OF MARCH 31



FOR FURTHER INFORMATION ON UBC ENDOWMENTS, VISIT
give.ubc.ca/endowments

Assets managed by UBCIM

*Net of Management Fees

**Required Return = Spend Rate + Adm. Expenses Fee + CPI