

York University Advisory Committee on Responsible Investing
Friday, March 7, 2014
Room 902, Kaneff Tower

Present:

Irene Henriques, Chair
Walter Whiteley, Faculty, Mathematics & Statistics, Faculty of Science
Anna Zalik, Faculty of Environmental Studies
James Pratt, Research Officer, Faculty of Fine Arts
Yasar Bukan, York University Graduate Students' Association
Hamoudi Hneinou, York Federation of Students
Aysha Syed, PSC Student Subcommittee
Trudy Pound-Curtis, Assistant Vice-President and CFO
Laurie Lawson, University Treasurer

1. Chair's Remarks

The Chair welcomed members to the meeting.

2. Introduction of Committee Membership

Introductions were made and each member spoke briefly about their interest in participating on this Committee.

3. Terms of Reference

The Chair reviewed the Terms of Reference. She stressed the importance of collegiality amongst the Committee members and respect for each other's views. The goal is to work together in a good manner and provide advice to the University that is constructive and enhances the responsible investing process. The Advisory Committee will be the forum for voicing opinions based on analysis and research. It may be necessary to formally engage some external advisory services such as Mercers to provide information, and to undertake some analysis on behalf of the Committee. It may also be of benefit to engage other universities to compare practices with respect to responsible investing.

Currently, the composition of the Advisory Committee states that each Faculty member shall serve no more than a two-year term without reappointment. The Committee agreed that the Terms of Reference should be changed to reflect that faculty membership can be considered for reappointment by the President after a two-year period.

Overall, the Committee was comfortable with the language outlined in the Terms of Reference. The Chair confirmed that all discussion and minutes of the meetings are open to the Community.

4. Management of York's Endowments

Trudy Pound-Curtis gave a comprehensive presentation on the Management of York's Endowments. The presentation provided an overview of the University's endowment management including governance, policy and procedures; investment objectives and

philosophy; investment strategy and constraints; performance evaluation; distribution rate; current investment manager information including due diligence; and coalition of universities for responsible investment. The presentation also provided web links to the current SIP&P; Annual Investment Report for the Endowment Fund (2012) which will be updated in mid-April, and the listing of endowment assets as at December 31, 2013.

Some highlights of the presentation and discussion:

- The York University endowments continued to grow until 2008-09 when there was a drastic decline in the capital market and endowments began to decrease. At the end of December 2013 the endowments recovered and increased to a total of \$373M.
- York continues to have stellar investment returns over three years and has experienced first quartile performance. The University has also performed top of the first quartile compared to other educational institutions.
- There were some changes in general managerial practices from 2009 to present. After 2008/09 the University decided to alter the distribution policy. In doing so, the University reduced the amount of the distribution and subsidized the endowment's shortfall through the University's operating budget in 2009/10 and 2010/11. This was a one-time only decision which was approved in the normal budget process. It was presented at Senate, approved by the Board of Governors, and was posted on the university website.
- In 2009/10 the University experienced a 24% return on investments; 13.3% in 2010/11; 2.2% in 2011/12 and 14.6% in 2012/13. The capital markets continue to be strong in this fiscal year.
- The current investment policy will move to a more market base distribution formula system beginning in May 2015.
- The current investment managers have a good understanding of ESG and are expected to maintain their current management philosophy principles. This is a key consideration in the investment manager selection process. The European managers are more advanced in terms of ESG focus compared to the Canadian investment managers.
- There is a recommendation going forward to i) continue to reduce exposure to Canadian equity; ii) maintain US small mid-cap equity; iii) reduce exposure to global equity; iv) maintain emerging market exposure; and v) allocate to an alternative asset class and invest in a real estate fund.
- The Committee members requested a copy of the two-page due diligence compliance report that is used when hiring a manager.
- Information on the total performance of the endowment at other universities over a 2-3 year period will be provided at the next meeting.

5. Discussion of Issues for consideration of Advisory Committee

- Frequency and scheduling of meetings

Future meetings will be scheduled to accommodate the majority of Committee members.

There will be one meeting scheduled in each of the following months: June 2014, September 2014, January 2015 and March 2015.

- Developing a vision statement

Committee members agreed that it would be helpful to initiate a discussion to develop a Vision Statement for the Committee. The discussion will focus on concerns and objectives of the members and how they balance with the concerns of the University.

- Developing activities for the Committee to consider

- Discussion of what is ESG
- Develop a process for community engagement
- Research what other universities are doing in terms of ESG policies, proxy voting guidelines, coalition engagement, ESG screening
- Report on ESG for each manager

The agenda for the next meeting will include a discussion on what issues the Committee will focus on at future meetings, as well as developing a process to engage the views and concerns of others.

6. Other