

BUILDING EXPERTISE SYSTEMS PROCESSES PARTNERSHIPS GOVERNANCE TRUST RESILIENCE STRUCTURE CAPABILITIES **THE FUTURE**

As our strategic transformation continues, we're leveraging the foundation we've put in place to deliver strong returns and drive long-term performance.

After three years of focused effort, we continue to strengthen and extend our capabilities in strategic investment and risk management on behalf of the University of British Columbia (UBC). We're helping a dynamic centre of learning and research maintain its global leadership. And we're working to ensure that current and former employees of this great university enjoy a comfortable, secure retirement.

**THE FOUNDATIONAL WORK IS COMPLETE.
NOW WE'RE BUILDING THE FUTURE.**

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THE RIGHT TEAM



UBC Investment Management once again delivered strong performance during the 2023–2024 fiscal year (FY23–24), as we navigated ongoing volatility throughout global markets. These positive results reflect the continued maturing of our organization as we’ve pursued a three-year transformation plan aimed at improving returns, strengthening the assessment and measurement of risk across our portfolios and enhancing operational resiliency. From the perspective of the Board of Directors, it’s gratifying to see that the significant changes implemented by management in all areas – including investment strategy, governance, systems and processes – are now yielding tangible results.

The success of this transformative work, reflecting high standards of excellence in manager selection, portfolio construction and risk management, is driven by people. Historically, the UBC Investment Management team has been small compared to those of our peers. But as markets have become more complex, with more investment options and specialized instruments to choose among, it’s become increasingly important to have the right people with the right skills who can identify the most effective investment strategies to meet client objectives, maximize returns and keep pace with evolving responsible investing practices.

The Board therefore encouraged management to grow the team over the past year, adding both leadership and supporting roles.

Going forward, we’re confident that this investment in talent will bear fruit. A deeper team with the necessary expertise – and, equally important, a collaborative spirit and shared sense of purpose – will allow us to build on the work of the past three years in striving to meet the long-term investment goals of our internal partners, including The University of British Columbia endowment and the UBC Staff Pension Plan (SPP).

Committed to Sustainability

Responsible investing remains a top priority for UBC Investment Management. All levels of decision-making, from the Board’s strategic guidance to management’s case-by-case evaluation of investment risk, includes the systematic consideration of environmental, social and governance (ESG) factors. Evaluating the environmental dimension of investment risk has long been a strength of UBC Investment Management; our team is now focused on continuing to monitor and build engagement in the social and governance dimensions as well.

We continue to collaborate with other institutional investors in seeking innovative ways to invest responsibly and keep stakeholders informed of our progress. The assessment of climate risks and other ESG impacts is now woven into the overall investment approach of UBC Investment Management, underlining a deep-rooted commitment to sustainability that is shared across UBC’s highly engaged stakeholder community.

Focused on the Future

The Board has gained additional responsible investing expertise with the appointment of a new director, Alexa Blain,

whose asset management firm, Deetken Impact, focuses on investing in women's empowerment, clean energy and sustainable enterprises in Latin America and the Caribbean. Alexa's hands-on experience in impact investing, and her broader expertise in related areas of finance, have already proven invaluable to her fellow directors and the management team.

My role as Chair of UBC Investment Management has come to an end. In fact, I indicated in our last annual report that I expected to step down midway through FY23–24. However, my term was extended to the end of the fiscal year to facilitate the transition to our new Chair, Azim Lalani, effective March 31, 2024.

A UBC alumnus with deep connections to the university, Azim brings a wealth of insight and experience to the Chair's role. Currently the Chief Financial Officer of AutoCanada, a leading North American automobile dealership group, he has held senior management roles with several other public and private companies during a finance career that spans more than 25 years. As a member of the UBC Board of Governors, Azim served as co-vice chair of the Board and chaired the finance and audit committees. He has also been a member of our Board since 2020. In short, Azim is eminently qualified to take on the role of Chair, and I know he shares the sense of privilege I've felt in working with such an accomplished and supportive group of professionals. I wish him the best of luck in what I know will be a very productive tenure.

In closing, I want to thank my fellow directors for their energy, diligence and sound advice during my time as Chair. And on the Board's behalf, let me reiterate our gratitude to the talented team led by our exceptional President and CEO, Dawn Jia. Their dedication and innovative thinking have turned an ambitious transformation plan into a concrete list of achievements – with more to come as this strategy continues to build momentum.

There will be challenges ahead. Economic shifts, disruptive geopolitics and the growing impacts of climate change will undoubtedly create further volatility. But the future also holds tremendous opportunity, as UBC Investment Management works to maintain the trust of our internal partners and the broader stakeholder community around one of the world's leading universities.

Gordon MacDougall

Chair, UBC Investment Management Board of Directors

BUILDING THE FUTURE



During the past fiscal year, UBC Investment Management completed the third phase of the three-year transformation plan we launched in FY21–22. The new systems we introduced previously have now been fully implemented, and the investment processes and procedures we’ve developed are integrated into our team’s daily work. With these building blocks in place, as our annual report theme suggests, we have a strong foundation on which to continue building the future.

Our overall objective remains the same: to deliver strong investment returns on behalf of the funds we manage, including The University of British Columbia endowment and the UBC Staff Pension Plan (SPP). As we advance the long-term goals of our internal partners, we’re also elevating our own capabilities as an agile and disciplined institutional investor. After three years of foundational work on our investment framework, governance structure, risk management, portfolio construction and operational resilience, we remain focused on the path ahead as we continue pursuing our vision: *To be a leading investment office.*

Continued Strong Returns

In FY23–24, UBC Investment Management once again delivered strong investment returns for our internal partners.

In doing so, we benefited from the work we’ve done to ensure the stability of our portfolios despite short-term market volatility. Returns from UBC’s Main Endowment Pool were 12.1% year over year, while the UBC Staff Pension Plan realized returns of 8.4%. Over the past three years, we’ve achieved a value-add of 2.0% in the endowment and 2.5% in the SPP, measured against their respective Reference Portfolio and Strategic Portfolio benchmarks. (Please see page 20 for a discussion of how our investment framework delivers value.)

This solid performance shows the impact of our efforts since FY20–21 to fully deploy the portfolios’ private asset allocations and, within some private asset classes, to shift the emphasis from core to value-add strategies. Private assets are less subject to short-term capital market fluctuations. Moreover, the long-term performance of value-add strategies is less sensitive to economic factors such as changes in interest rates and relies more on the effective execution of business plans.

We’ve continued to deliver strong returns despite a global context characterized by extreme uncertainty. Geopolitical tensions and open conflicts are threatening trade and supply chains, affecting commodity prices, forcing mass migrations and generally contributing to an environment of disruption and instability. The U.S. Federal Reserve and other leading central banks have been trying to maintain a delicate balance between raising interest rates to curb inflation and cooling down national economies so much that it leads to slower growth and higher unemployment.

Faced with such an uncertain outlook, investors must be prepared to navigate a range of potential scenarios. For UBC Investment Management, that means continuing to build diversified portfolios that are designed to withstand volatility. At the same time, we’re actively seeking new sources of

returns across all asset classes. Working with our external investment managers, we take an open-minded approach to exploring possible strategies, balancing the need for agility with our commitment to prudently managing risk.

We continue to integrate responsible investing practices, weighing environmental, social and governance (ESG) factors in all aspects of our investment process. While in the past climate-related metrics and actions tended to dominate ESG strategies, we've seen an emerging focus on social and governance considerations in recent years. This has been part of our responsible investing strategy from the outset. We've now built on our earlier work to establish a set of focused non-climate data metrics for monitoring and facilitating meaningful engagement with our external investment managers. As we move forward, we'll continue working with our managers and other industry experts to expand the amount and quality of non-climate data we can access to inform our investment and risk management efforts.

Our FY23–24 Milestones

During the past year, we made significant progress in all our areas of strategic focus.

In our continuing pursuit of investment excellence, we completed implementation of our new portfolio and risk management systems and are now seeing positive impacts across the board. We also formally codified our investment processes and procedures, establishing clear, repeatable steps to ensure consistency in how we do our work today and how new team members will be trained in the future.

As we continued enhancing the quality of service we provide to our internal partners, we collaborated with the SPP Board on an in-depth asset mix study and presented a peer analysis of risk tolerance and other portfolio construction

considerations. We also worked with the university's treasury team to better understand its future liquidity needs and the factors affecting UBC's working capital fund.

In the realm of human resources, UBC Investment Management added strategic team members in FY23–24, including the newly created roles of Director, Investment Operations, and Corporate Services Manager. In addition, we redesigned our functional areas and identified five pillars to support the implementation of our corporate strategies. While we were able to operate for many years with a very lean team, we've reached a point in our evolution where recruiting more talented people is an essential investment to support the strong platform we've put in place. Their knowledge, skills, experience and ideas are critical to fulfill our mandate and maximize returns.

Driven by Purpose

For the diverse transformative efforts I've summarized here, the most important measure of progress is positive feedback from our internal partners. But it's also gratifying to be recognized by our peers. In November 2023, UBC Investment Management was proud to receive the Asset Owner Award at the Institutional Connect Awards in Toronto. This recognition among other leading institutional investment firms in Canada is a testament to the innovative, hardworking team I'm privileged to lead – and to the astute direction and counsel provided by our Board of Directors.

Going forward, we'll continue to enhance and refine our efforts in three key areas: external manager selection and the construction of our investment programs; total portfolio management and analytics; and day-to-day investment operations. These core strengths are bolstered by two enabling functions: client services and stakeholder engagement, including communications and reporting;

and corporate services, comprising areas such as human resources, accounting and vendor management. Together, these five pillars support all our investment activities, including our commitment to responsible investing.

In collaborating over the past year with our Board to sharpen this strategic framework, we articulated our guiding purpose: *to sustain and uplift the future of higher education in British Columbia through our commitments to investment and service excellence. Or, expressed more simply: At UBC Investment Management, we shape futures.*

I want to thank everyone on the UBC Investment Management team for their continued hard work and commitment to excellence. While keeping a keen eye on our investment returns and results, they've still managed to complete important foundational work on our systems and processes to make us better at what we do.

During the past year, our Board of Directors underwent notable changes, with long-serving members moving on and new ones arriving. To those who served us so capably in the past, thank you; to those who've joined to take up this valuable work, welcome. I want to extend my personal thanks to Gord MacDougall, our departing Chair, for his dedication, wise counsel and strong support of UBC Investment Management over the years. I also want to congratulate Azim Lalani, who

has assumed the position of Chair. In addition to his business experience, Azim brings deep knowledge of the university and strong relationships forged during his time on the UBC Board of Governors. I'm confident that with his guidance and insights, supported by the experience and skills of all our directors, the Board will continue to lead us forward, leveraging the foundation we've built so far.

The achievements detailed in this annual report help to reinforce UBC's stature as one of the world's great universities, and to secure the retirements of the people who've made that global leadership possible. This is why our dedicated team comes to work each day. As the strategic transformation of UBC Investment Management continues, we're focused on building the future!

Dawn Jia, CFA

President and Chief Executive Officer

INVESTMENT HIGHLIGHTS

AS OF MARCH 31, 2024

UBC ENDOWMENT — MAIN ENDOWMENT POOL

5-year return

8.0%

10-year return

7.8%

10-year total distributions

\$772 million

UBC STAFF PENSION PLAN

5-year return

5.5%

10-year return

6.6%

10-year total distributions

\$506 million

UBC INVESTMENT MANAGEMENT ASSETS UNDER MANAGEMENT

\$6.2 billion

Increase in assets under management (one year)

\$339 million

Investment returns (one year)

\$491 million

OVERVIEW



UBC INVESTMENT MANAGEMENT

Who we are, what we believe in
and how we're governed.

ABOUT OUR COMPANY

UBC Investment Management provides comprehensive portfolio management and advisory services to The University of British Columbia. A wholly owned subsidiary of the university, we are responsible for investing the Main Endowment Pool, the Staff Pension Plan, the Working Capital Fund and other portfolios.

As we invest on behalf of UBC and its Staff Pension Plan, we take a manager-of-managers approach, constructing portfolios by engaging top-tier professional investment managers from around the world, with specific expertise and proven track records, to conduct security selection on our behalf. Our team works to select investment managers that we expect will generate superior net returns over time and that integrate robust responsible investing practices into the investment process. Our ultimate goal is to maximize net returns in accordance with the financial objectives, liability requirements and risk parameters of each fund we manage.

In working toward that goal, we apply a total portfolio approach to construct investment programs, assessing returns and investment risks at a granular level to gain insights through strong analytics. We make disciplined investments, measuring performance against objective targets. We communicate transparently with stakeholders to ensure they understand our process and, in working to maintain stakeholders' trust, we navigate immediate market conditions as we remain focused on the long term.

Main Endowment Pool

UBC's Endowment funds reflect more than a century of philanthropic giving by donors as well as proceeds from the leases of UBC endowment lands that support the university's activities in perpetuity. We invest these generous contributions to generate stable revenue for the university, which supports the highest standards of research, teaching and student aid.

The Main Endowment Pool is invested in accordance with the Statement of Investment Policy, approved by UBC's Board of Governors on the recommendation of the UBC Investment Management Board of Directors. The fund is a global, multi-asset class portfolio, actively managed to promote capital appreciation and maintain intergenerational equity for beneficiaries in perpetuity.

UBC Staff Pension Plan

The UBC Staff Pension Plan is a target-benefit pension plan established in 1972 that provides retirement, termination and death benefits for eligible staff of UBC and related employers. The SPP is funded by fixed contributions from plan members and UBC, and serves over 18,000 employees, retirees and deferred members. The university has delegated the day-to-day administration of the plan to the SPP Board.

The SPP fund is invested in accordance with the Statement of Policies and Procedures, approved by UBC's Board of Governors on recommendation by the SPP Board. The fund is a global, multi-asset class portfolio with a focus on capital appreciation while controlling downside risk to returns.

UBC Working Capital Fund

The UBC Working Capital Fund consists of monies from the reserves of the university's capital pool. These include the proceeds from provincial operating grants; tuition; private, corporate and government research grants; operating income; and funds held for capital projects. The fund is invested with a focus on capital preservation and liquidity objectives and has investments in liquidity assets as well as public and private assets that have a higher liquidity profile at the total portfolio level.

OUR CORE BELIEFS

As we work on behalf of our stakeholders, we ground our decision-making in a clear set of principles:

Purpose

To sustain and uplift the future of higher education in British Columbia through our commitments to investment and service excellence.

Vision

To be a leading investment office.

Mission

To be a trusted and innovative partner by:

- financially supporting UBC's research, students and educational programs
- providing a sustainable pension for current and former employees
- supporting UBC's responsible investing goals.

Values

Focused

- We are driven to produce superior risk-adjusted returns.
- We strive to excel in constructing strong investment programs and the diligent selection and monitoring of our investment partners.

Client-centred

- We foster a culture of transparency and service excellence.
- We value clear communications and pursue meaningful interactions with our internal partners.

Trusted

- We seek to forge partnerships built on trust and respect with our internal partners, our investment managers and service providers.
- We collaborate with investors and organizations that share our investment objectives and values.

Continuously improving

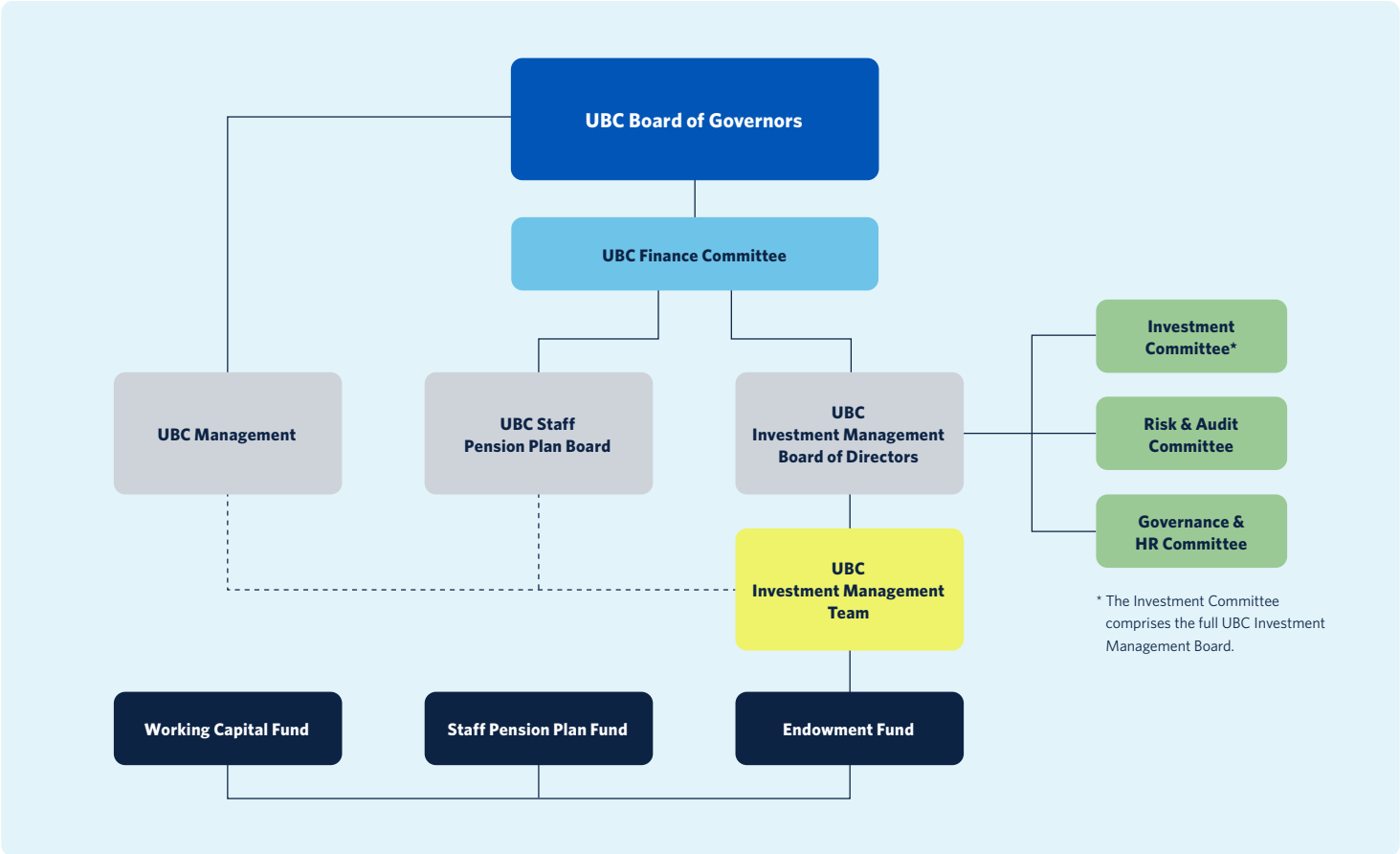
- We seek to continuously adopt more agile, efficient structures and processes to enhance our competitive advantage.
- We steadily acquire additional knowledge, techniques and insights to refine our investment approach in changing market conditions and landscape.

One Team

- The asset we value above all others is our people.
- We foster diversity, equity and inclusion, ensuring everyone feels welcome and has the same opportunity to learn, contribute and realize their potential.
- We work as one team, collaborating to create a more nimble, responsive and effective organization.

OUR GOVERNANCE STRUCTURE

The University of British Columbia has overall responsibility for managing UBC’s investment portfolios and the Staff Pension Plan. UBC’s Board of Governors appoints the UBC Investment Management Board of Directors, which in turn delegates our President and Chief Executive Officer to oversee the day-to-day investment and operations of the funds. In our investment activities, UBC Investment Management is granted specific responsibilities and powers within a clearly defined governance and organizational structure.



BOARD AND STAFF RESPONSIBILITIES

UBC Investment Management's Board is composed of nine directors appointed by UBC's Board of Governors. Three are UBC-related directors – senior university executives and representatives of the Board of Governors and the Staff Pension Plan (SPP) Board. The other six independent directors are members of the business and investment community recommended by our Board and approved by the UBC Board of Governors.

Meeting at least quarterly, the Board of Directors provides oversight and governance to UBC Investment Management. The Board has three standing committees: Investment, Risk & Audit, and Governance & Human Resources. In addition, the Board strikes working groups on an ad hoc basis to oversee and guide significant investment-related projects.

The Board discharges its main investment-related responsibilities through the Investment Committee, which comprises all directors. The Investment Committee's responsibilities include formulating investment beliefs, approving investment programs and investment risk limits, recommending investment policies to the UBC Board of Directors for all funds (except the SPP), and recommending the Reference Portfolio benchmarks and policy-level constraints.

The UBC Investment Management team works under the direction of the President and CEO with oversight by the Board. The team reports regularly to the UBC Investment Management Board, the SPP Board and the UBC Board of Governors.

UBC Investment Management staff takes a highly collaborative approach to managing the assets of the university. The team leverages its collective knowledge and experience to execute our strategy and continuously works to improve corporate systems and processes – all in pursuit of sustainable long-term growth for the funds we manage.

UBC Investment Management works with our internal partners across the university to establish return requirements and risk preferences that form the foundation for investment policy recommendations for each portfolio – with the exception of the SPP. Staff presents these recommendations to the UBC Investment Management Board for review. The Board then recommends investment policies to the UBC Board of Governors for approval.

The investment policy for the UBC Staff Pension Plan is prepared by the SPP Board – in collaboration with UBC Investment Management and the plan's own investment and pension consultants – and that policy is then recommended to the UBC Board of Governors for approval.

The UBC Investment Management team is responsible for implementing the Strategic Portfolio asset mix for each fund, including designing the investment strategy for each asset class program. Rather than making direct investments, staff works with top-tier external investment managers to implement the asset mix according to our portfolio construction. (For more details on manager selection, see page 26.)

RESPONSIBLE INVESTING



OUR COMMITMENT TO RESPONSIBLE INVESTING

Integrating environmental, social and governance (ESG) considerations into our investment process.

In FY23–24, we continued to advance UBC Investment

Management’s responsible investing strategy, embedding environmental, social and governance (ESG) considerations as fundamental components of our investment approach for the funds we manage.

Considering ESG factors in all investment decisions significantly strengthens our risk assessment process. It’s also a critical dimension of our fiduciary responsibility to The University of British Columbia, which has become a recognized leader in sustainability planning and implementation across all areas of its operations.

Our approach to responsible investing is aligned with the United Nations–supported Principles for Responsible Investment (PRI), a set of shared commitments adopted by institutional investors and asset owners around the world. And because UBC Investment Management is a manager of managers, implementing our responsible investing strategy through external investment managers, we focus our efforts in three key areas:

Manager Selection and Evaluation

We expect all our investment managers to have rigorous ESG assessment processes in place and to apply that lens when underwriting investments that contribute to our portfolios. We have quarterly meetings with managers and evaluate them formally on an annual basis as part of our ongoing collaboration on ESG integration, risk assessment and the identification of best practices.

Stewardship

We believe those with equity ownership of businesses should exert a positive influence by enhancing corporate practices – including strengthening governance and transparency, and promoting sustainable business practices – that create long-term value. We expect managers of the public equity securities in our portfolios to use their proxy votes to promote responsible investing best practices, including transparency on ESG policies, procedures and related activities.

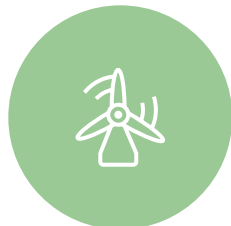
Engagement

When our portfolios have significant exposure to a company, industry or economy faced with a major responsible investing challenge, we encourage our managers to engage directly with the companies or organizations involved. On broader ESG-related issues, we coordinate our efforts with peers, regulators, oversight bodies and industry groups to ensure all parties are aligned on guiding values and business practices.

THE PILLARS OF OUR RESPONSIBLE INVESTING STRATEGY



2023 RESPONSIBLE INVESTING HIGHLIGHTS



PRI Reporting and Assessment Results

UBC Investment Management became a signatory to the PRI in 2020 on behalf of UBC and the UBC Staff Pension Plan. We strongly support the six Principles of the PRI and the organization's commitment to advancing ESG-integration and stewardship practices among asset owners and investment managers. In 2023, we completed reporting to the PRI on the investment practices of UBC Investment Management, the UBC Staff Pension Plan and the university as a whole. Our reporting process and the assessment undertaken by the PRI yield useful insights on evolving best practices in responsible investment and how our ESG practices compare to other peer signatories.

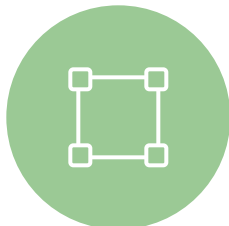
The results of UBC Investment Management's 2023 PRI reporting are encouraging. Our practices in investment manager selection and monitoring were assessed as being at or above the global median in nearly all asset classes. Our due diligence in underwriting investment strategies and regular monitoring processes scored strongly against best practices. Compared to our inaugural reporting year in 2021, these results reflect the implementation of several key initiatives under our responsible investing strategy. These include the formalization of our active ownership guidelines, our framework for annual ESG assessments of external managers, carbon footprint reporting and the integration of climate risk analysis in strategic asset mix development. Assessment results for UBC and the UBC Staff Pension Plan are available through the PRI website.



Leveraging Technology to Enhance Measurement

In 2023, we deployed two new technology platforms: a portfolio management system and an investment risk management system. Together, they provide the critical insights we need to better manage risk and performance in our portfolios. Equipped with the systems' analytical tools and, from a data perspective, a single source of truth, our investment team can make better-informed decisions.

These systems enable us to view risk and return attribution metrics both at the total portfolio level and at the investment strategy level. Similarly, our team can use these new tools to efficiently combine security-level portfolio exposures with third-party ESG data metrics. This enables us to monitor climate risk metrics along with social and governance metrics across our managed portfolios.



Enhancing our Carbon Measurement Framework

In 2023, UBC Investment Management implemented a new carbon measurement framework in alignment with the Global Greenhouse Gas Accounting and Reporting Standard. The standard was developed by the Partnership for Carbon Accounting Financials (PCAF), an industry-led initiative created in 2015 to enable consistent measurement and disclosure of emissions for the financial industry.

As in previous years, we continue to measure both carbon intensity and emissions in our portfolios to establish the overall carbon footprint. Adopting the PCAF standard, an accepted industry best practice, allows us to measure and report on a greater share of our multi-asset class portfolios over time.



2023 Manager ESG Assessments

Our investment team once again conducted an annual review, using our in-house manager ESG assessment process, to evaluate the ESG performance of each external manager we've engaged. Our evaluation helps us monitor risks and highlights areas where we can engage with our managers to enhance their ESG integration and active ownership activities. We also track managers' responsible investing progress since our initial investment. This aligns with our investment sourcing strategy, which is aimed at developing trusted partnerships with investment managers. Our rating methodology is not a checklist or compliance activity; it is a foundational element of our due diligence process. Our ratings leverage both quantitative and qualitative information to evaluate the relative importance of ESG factors to the various asset classes or strategies of each investment manager.

In 2023, we reviewed nearly 50 managers on their ESG integration processes and performance. Through this annual review, we were pleased to observe that our public fixed income managers have made particular improvements to the level of ESG integration in their security selection processes, as well as their reporting practices on climate risk metrics. We also saw ongoing improvements in how real-asset managers measure environmental and energy metrics and report on progress toward energy efficiency targets.

Carbon Metrics

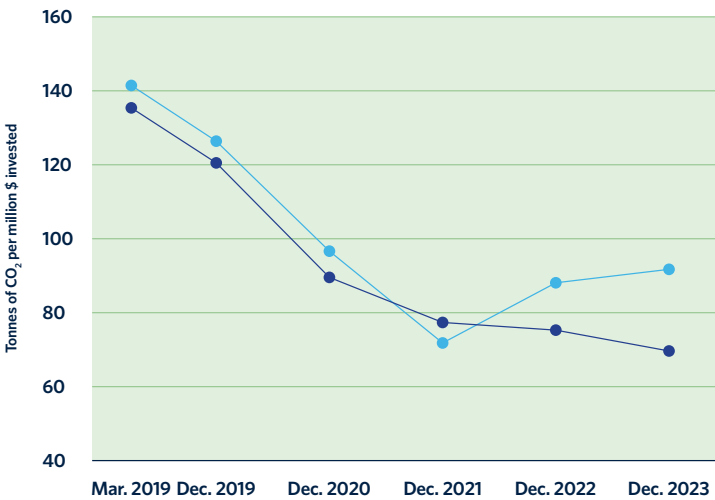
In establishing the climate metrics we use to monitor funds, UBC Investment Management considers two measures: total carbon emissions,* defined as greenhouse gas emissions per \$1 million invested; and carbon intensity, defined as greenhouse gas emissions per \$1 million of sales. These definitions are aligned with the Partnership for Carbon Accounting Financials (PCAF) methodology.

For publicly traded portfolio exposures, the PCAF standard relies on the same company-reported emissions data that we’ve used in prior UBC Investment Management reports. However, in using this new methodology we no longer measure the share of a company’s emissions in a specific portfolio based on the market capitalization of equity. Instead, the standard considers emissions share based on the market capitalization of both equity and debt (i.e., enterprise value). Our carbon emissions calculations for the period ended December 31, 2023, include public equity and corporate bond exposures covering 45% of the UBC Endowment Fund and 37% of the SPP Portfolio.

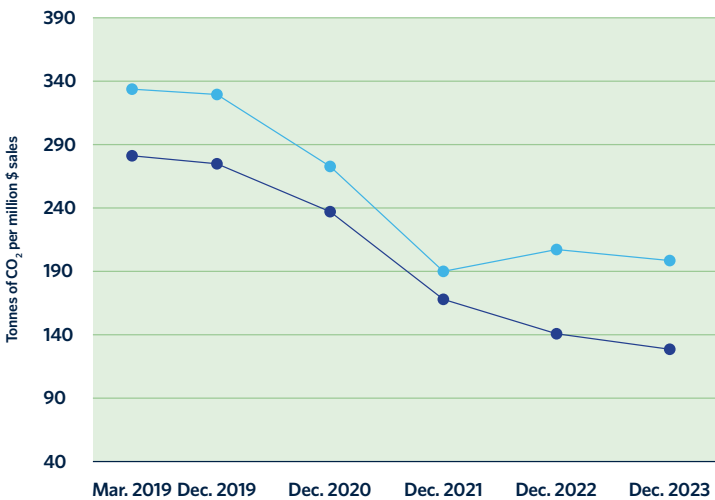
Through December 2023, the UBC Endowment Fund’s carbon emissions footprint was 49% below the baseline level set in 2019, considering Scope 1 and Scope 2 emissions; the Fund’s carbon intensity was 55% below the baseline level. These favourable results already meet the university’s stated carbon target for the UBC Endowment Fund, which is to realize a 45% reduction in portfolio emissions by 2030. In addition, the Endowment Fund’s carbon intensity level was 27% lower than its benchmark at December 31, 2023.

The UBC Staff Pension Plan’s carbon footprint and intensity measures have decreased by 35% and 39%, respectively, over the same period. And carbon intensity for this portfolio was 12% below its benchmark.

CARBON EMISSIONS TREND



CARBON INTENSITY TREND



● Endowment Portfolio ● SPP Portfolio

* The carbon emissions measure used is the total Scope 1 and 2 emissions (tonnes of carbon dioxide equivalent).

INVESTMENT STRATEGY



ENHANCING OUR CAPABILITIES

As we complete our three-year transformation plan, we're already seeing concrete results: improved investment returns underpinned by a more rigorous assessment of risk.

LEVERAGING WHAT WE'VE ACHIEVED

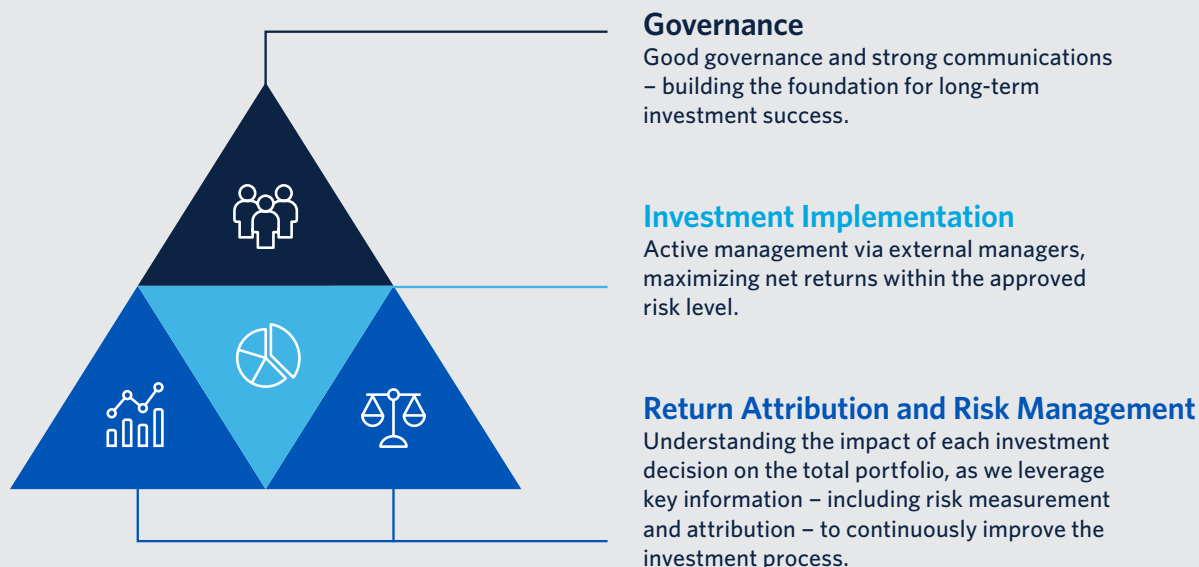


In FY23–24, we finished implementing the new portfolio and risk management systems introduced in the latter part of the previous fiscal year. We're now seeing positive impacts in all areas of our investment activities as we benefit from a unified source of data and can access deeper insights, using the analytical tools we've developed, into the complex drivers of both risk and returns. Our reinvented investment strategy, supported by thoughtful technology choices, is producing long-term improvements in our pursuit of investment excellence.

In our new, multi-tiered portfolio hierarchy, we can attribute risk and returns at multiple levels – from a total fund view down to the individual strategies for each manager – and analyze contributions on both a relative and absolute basis. We gain more timely insights into our portfolio exposures, as well as the performance of our external managers and our own investment programs. We also benefit from detailed modelling and analytics around our private market investments. And we've codified our investment processes and procedures to establish clear, repeatable steps that will help us work more consistently – and train new team members to work the same way.

Going forward, we'll continue to build upon what we've achieved in these transformative first three years, leveraging increasingly powerful insights to make nimbler investment decisions, further refine risk management and generate superior results across our portfolios.

OUR TOTAL PORTFOLIO INVESTMENT FRAMEWORK



The investment framework developed by UBC Investment Management employs a total portfolio approach. It's designed to clarify decision-making at each step of the investment process, integrating transparent measurement processes to facilitate continuous improvement. The framework provides all governance bodies that oversee our activities – the UBC Board of Governors, Staff Pension Plan Board and our own Board of Directors – with the information they need to assess the effectiveness of all investment decisions. We believe that good governance is foundational to long-term investing success.

Our approach focuses on three key points in the investment decision-making process:

- determining the long-term return required to meet a fund's financial objectives and risk tolerance level
- selecting a mix of assets that maximizes the probability of achieving those objectives within agreed risk parameters
- determining implementation of this target asset mix to achieve the best net-of-fee return.

To implement our investment framework, we've established three portfolio tiers that correspond to these decision points, establishing clear accountability and measuring results to ensure every choice we make contributes to the fund's overall goals.

Reference Portfolio

- a simple set of public assets expected to meet a fund's long-term financial objectives
- establishes overall risk tolerance for investment decision-making
- enables governing bodies to monitor a fund's ability to deliver the required return at a defined risk level

Strategic Portfolio

- diversification beyond the Reference Portfolio: establishes the target asset mix
- sets strategic direction for long-term implementation
- expected to generate incremental return above the Reference Portfolio (or reduce risk through diversification)

Investment Portfolio

- implementation of the Strategic Portfolio by the UBC Investment Management team
- portfolio construction, and selection and monitoring of external managers
- flexible active management, based on risk limits and other parameters agreed to by our internal partners, to seek additional sources of returns

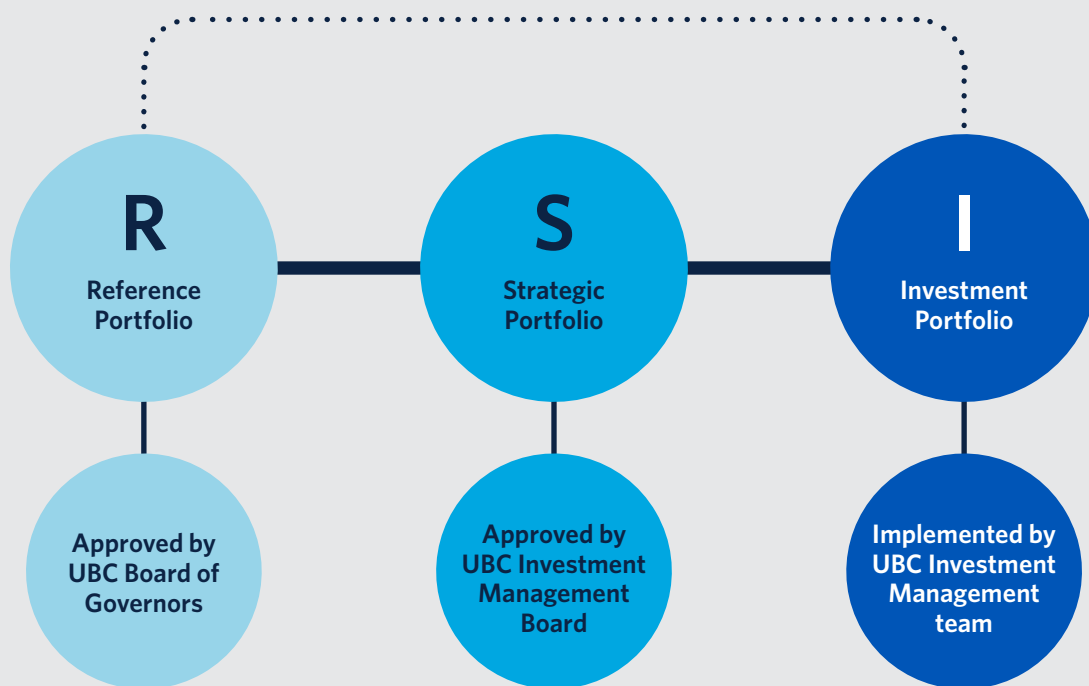
The Reference Portfolio is central to our investment framework. This set of public market assets is designed to meet a fund's long-term financial objectives and establishes a benchmark for the fund return and risk tolerance of UBC's investment portfolios. The Reference Portfolio is simple and cost-efficient, and it requires minimal effort to design and implement. It provides an objective, market-based yardstick

for evaluating risk and measuring the gains or declines within our actual portfolios that result from taking active investment management decisions. We design the Reference Portfolio as a long-term benchmark; although it is reviewed periodically, it's not expected to change meaningfully unless the return objective or its risk tolerance changes.

The next tier in our investment framework is the Strategic Portfolio. This is the set of high-level decisions that map out a diversified asset mix for our portfolios. Assets must be readily investable (i.e., not privately held) and, for the most part, are managed passively, with returns attributable to asset class performance and exposure to economic risks.

The third tier is the actual Investment Portfolio, which is actively managed to maximize net returns. Ongoing decision-making at this level includes investment manager selection, diversification of strategies within asset classes, and movement between asset classes within specified ranges.

APPLYING THE FRAMEWORK TO THE ENDOWMENT FUNDS



● Reference Portfolio

- return objectives
- risk tolerance appropriate for the fund

● Strategic Portfolio

- diversification into other asset classes and target weights
- investment programs, including Strategic Portfolio asset class ranges, implementation scope, constraints and benchmarks
- risk framework, measures and limits

● Investment Portfolio

- portfolio construction
- manager selection/termination
- active versus passive investment
- investment style (value, growth, etc.)
- private allocations
- ESG integration

Asset Class	Reference Portfolio Weight	Strategic Portfolio Weight
Fixed Income	30.0%	17.5%
Liquidity Assets		5.0%
Public Fixed Income	30.0%	
Private Fixed Income		12.5%
Equity	70.0%	55.0%
Global Equity (All-Country World Index)	70.0%	
Global Developed Market Equity		30.0%
Emerging Market Equity		15.0%
Private Equity		10.0%
Real Assets		20.0%
Real Estate		10.0%
Infrastructure		10.0%
Absolute Return		7.5%
Total	100.0%	100.0%

Within our investment framework, the UBC Investment Management team approves strategies for implementing and actively managing the Investment Portfolio. The factors we consider include the overall portfolio construction, manager selection, active versus passive implementation, investment styles, currency hedging and allocations to private market assets.

By making the Reference Portfolio foundational to all decision-making, we've made the entire investment process more transparent for all stakeholders. Across the three tiers of oversight there is a shared language for defining roles, ensuring accountability and linking specific decisions to measurable investment outcomes.

At the same time, the Reference Portfolio and the Strategic Portfolio share basic assumptions about long-term investment returns and are monitored under specific scenario analyses, including scenarios that consider the potential impacts of climate change under different pathways.

The UBC Board of Governors approved a Reference Portfolio of 70% Global Equity and 30% Canadian Fixed Income for the Main Endowment Pool in 2021, which is expected to meet the Endowment's spending rate and intergenerational equity goals over the long term.

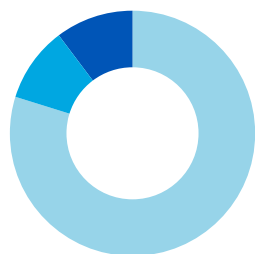
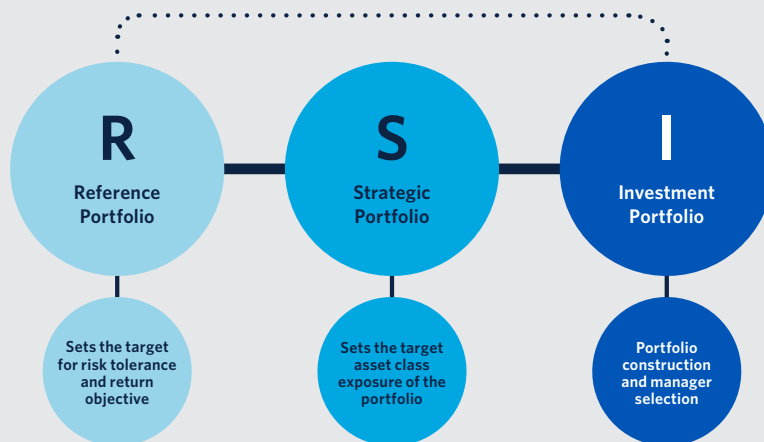


INVESTMENT PROCESS



HOW OUR FRAMEWORK DELIVERS VALUE

Designating three distinct tiers of oversight helps to clarify accountability and ensure optimum returns.



- Incremental returns from active management and manager selection (Investment Portfolio)
- Incremental returns from diversification (Strategic Portfolio)
- Market returns of the Reference Portfolio

Expected Contribution to Portfolio Returns

The Reference Portfolio, as a yardstick for risk and return in our funds, gauges roughly 80% of a portfolio's total investment return. We strive to generate incremental return for the funds we manage above the Reference Portfolio through diversification, portfolio construction and investment implementation.

Periodically, we review the Strategic Portfolio for each fund we manage to determine the target mix of asset classes and exposures that we expect will provide the strongest long-term returns – at the approved risk tolerance level based on each fund's financial objectives and liability profile.

For the UBC Main Endowment Pool and Working Capital Fund, the Board of Directors of UBC Investment Management approves the Strategic Portfolio. For the UBC Staff Pension Plan, the SPP Board works with actuarial and investment consultants and UBC Investment Management staff to recommend a Strategic Portfolio for the UBC Board of Governors' approval.

As we implement the Strategic Portfolios for the funds we manage, there are three core competencies that set UBC Investment Management apart: our rigorous selection of investment partners, our focus on top-down portfolio construction, and our continuous enhancement of investment process through return and risk attribution analysis. Leveraging these combined strengths and our systems, we gain a deep understanding of our managed portfolios, along with the data-driven insights we need to continuously enhance our investment decision-making.

CHOOSING THE RIGHT INVESTMENT PARTNERS

Investment Implementation

Active management via external managers, maximizing net returns within the approved risk level.



A fundamental pillar of UBC Investment Management is our ability to choose the right partners. Our active, manager-of-managers model is both a time-tested best practice and the most cost-effective approach for the scale of our assets under management. Much of our investment team's time, energy and expertise is directed toward the portfolio construction of our asset class investment programs and evaluating and monitoring current and prospective investment managers. This is what drives value-add for the funds we manage.

Guided by the Strategic Portfolio for each fund we manage, the UBC Investment Management team determines an appropriate investment strategy and selects external management firms for every asset class within our investment programs. Here, our size is a key advantage relative to our peers. UBC Investment Management has sufficient scale to

gain significant fee savings; at the same time, our size allows us to stay nimble and avoid potential challenges in deploying capital to achieve our target asset allocations.

When selecting a new external manager, we look for a partner with the skills, experience and relationships to deliver excess returns for the current mandate – while also providing a platform we can build on together over the long term. Just as importantly, we expect our managers to be transparent in demonstrating how they execute their investment strategies, both via timely, informative reporting and through sharing data and knowledge.

Choosing the Right Managers

The success of UBC Investment Management's overall investment strategy depends on our careful, in-house evaluation of prospective managers to ensure they meet our standards and can contribute to achieving the university's goals. Therefore, our investment due diligence process is extremely rigorous to provide confidence that a chosen partner will benefit our portfolios.

In our manager selection and due diligence processes, we have established clearly defined steps for identifying, assessing and monitoring the investment process and performance of the managers we choose to work with. Our enhanced requirements for all due diligence recommendations include alignment with a set of active investment manager investment beliefs. In addition, our ESG assessment framework highlights the materiality of ESG risks for each of our investments, the manager's quality of ESG integration to reduce risk or capture opportunities, and the residual ESG risks that can be aggregated across the portfolio and reported to the UBC Investment Management Board.

Our Approach to Due Diligence

Evaluating a potential manager involves an extensive, disciplined and in-depth analytical process. Although each search is tailored for a particular asset class and mandate, in fulfilling our investment and operational due diligence we adhere to a consistent set of criteria:

- ownership and organizational structure
- investment team experience and expertise
- investment philosophy and investment process
- responsible investing and ESG integration
- performance and portfolio fit
- fees and alignment of interests
- tax structure and impact on expected performance

This information, coupled with insights gained through managing our existing portfolios, allows us to determine the suitability of a manager's approach in the context of UBC Investment Management's overall investment strategy. An equally important consideration is the quality of a manager's business and operations. We evaluate a prospective partner as a going concern, along with its reputation for integrity and operational risk management practices, to ensure that investment returns will not be compromised by poor management.

Another key dimension of UBC Investment Management's due diligence is our use of sophisticated models and software in our research and analysis. We continually evaluate analytical tools from third-party providers that may enhance our productivity and deliver insights that can be incorporated into our selection process.

At the same time, we recognize that even the most advanced digital tool is only as effective as the experience and professional judgment of its user. By balancing rigorous

quantitative analysis with qualitative insights, and by working as a team to continuously improve our decision-making, we're able to make manager choices that we believe will benefit UBC over the long term.

Our President and CEO approves manager selections, within delegated authority from the Board, with support from UBC Investment Management's investment and operational teams. As part of this process, we produce a formal due diligence report on all aspects of the investment process, including ESG considerations. This comprehensive analysis serves as the basis for investment manager recommendations and discussions within the UBC Investment Management team prior to approval.

Monitoring Our Managers

Once UBC Investment Management has committed to and funded an external investment manager, we establish consistent monitoring practices to confirm our original investment thesis and identify any changes in approach or deviations from expectations. This process includes the review of performance and other reports, quarterly meetings and conference calls, and the regular collection of portfolio holdings data incorporated into our risk management approach.

We report to the UBC Investment Management Board any change in status of an external manager, including when they are hired, terminated, and placed on or removed from a watch list. Our manager reporting is focused on the key tenets of investment manager assessments: performance, investment process, people, portfolio fit, and pacing (for private investments).

OUR APPROACH TO PERFORMANCE ATTRIBUTION AND RISK MANAGEMENT

Return Attribution and Risk Management

Understanding the impact of each investment decision on the total portfolio, as we leverage key information – including risk measurement and attribution – to continuously improve the investment process.



Asking the Right Questions

Selecting the Reference Portfolio and the Strategic Portfolio are key decision points under our investment framework. But effective governance of our decision-making also requires ongoing evaluation of investment returns and risks. The framework incorporates information feedback loops in which each portfolio's risk and return are assessed against those of the Reference Portfolio to ensure returns are sufficient to achieve our stated goals. The investment team monitors this data closely to assess the contribution of various investment decisions to the total portfolio objectives of our managed funds, leveraging sophisticated performance and risk attribution analytics.

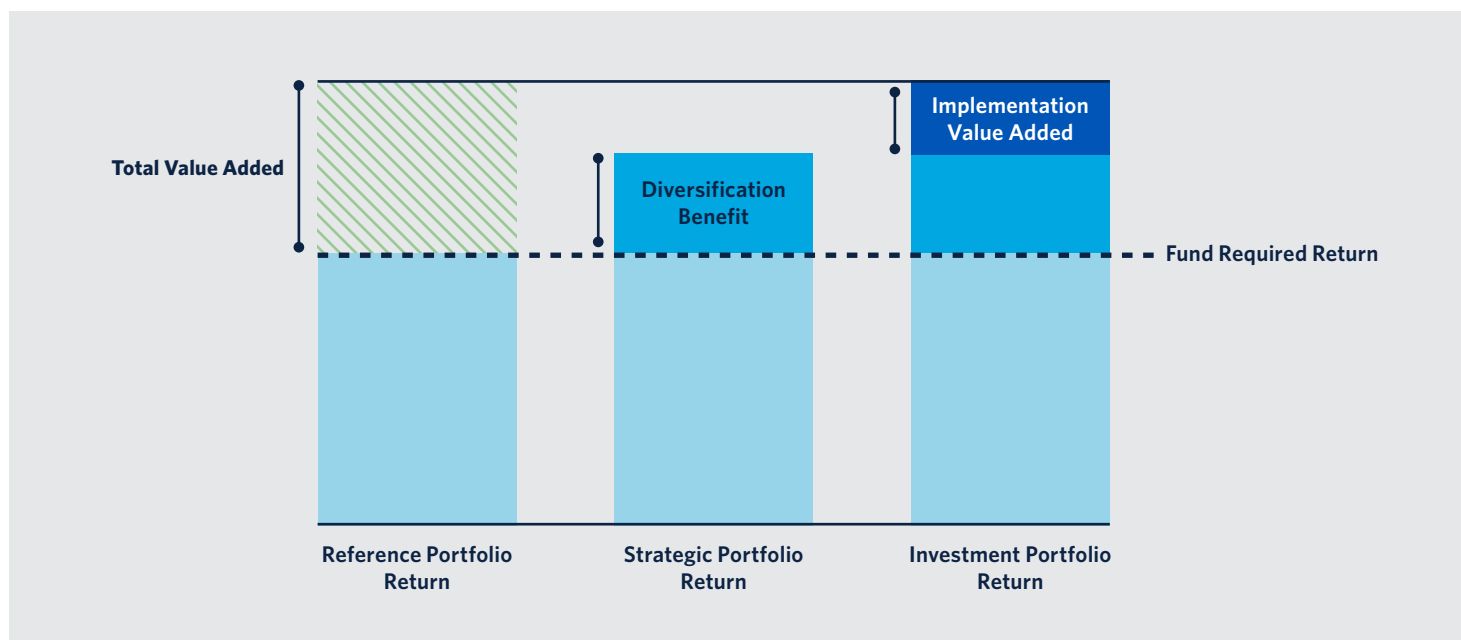
Assessing Returns

Effective return attribution is far more than an array of numbers. It must be informative and actionable, measuring the outcomes of investment decisions and providing governance bodies with the information needed to determine if a portfolio is meeting expectations. Effective attribution helps indicate when a change is required and pinpoints where to make it – in the Reference Portfolio, the Strategic Portfolio or the Investment Portfolio. As a result, decision-making is more precisely targeted and, equally important, more transparent for all stakeholders.

At UBC Investment Management, our return attribution approach is shaped by three fundamental questions:

- Are capital markets meeting both our expected and required return objectives for the funds we manage?
- Is diversification delivering the level of benefits we anticipated?
- Has active implementation of the Strategic Portfolio added value?

Each question focuses on a key dimension of the decision-making process: respectively, establishing the Reference Portfolio, developing the Strategic Portfolio and implementing the Investment Portfolio. By breaking down the total fund return into these contributing aspects, we can better assess the impact of specific decisions in generating required returns. And when necessary, we can concentrate on a specific component that needs attention to ensure the fund's overall success in meeting objectives.



Reference Portfolio Return

The Reference Portfolio, which provides an indicator of the return generated by public capital markets given the risk tolerance level, is expected to meet our fund's required return objective over the long term. We monitor those two metrics to assess whether the Reference Portfolio is set at the appropriate risk level.

Strategic Portfolio Return and Diversification Benefit

Over the long term, the Strategic Portfolio should outperform the Reference Portfolio and generate additional value by allocating to asset classes that are further diversified. This diversification benefit tells the UBC Investment Management team whether the additional complexity of the Strategic Portfolio's asset mix is benefitting the overall fund.

Investment Portfolio Return and Implementation Value-add

Any excess return from the Investment Portfolio over that of the Strategic Portfolio is a measure of the value-add created by our team as we make decisions on portfolio construction and manager selection. Based on this value-add, our Board can assess whether active portfolio implementation is producing beneficial outcomes in the overall fund.

Active management is not a low-cost approach. It requires additional resources and staff, more intensive monitoring of risk and higher fees. We focus on portfolio performance net of all costs to ensure that active management is delivering value-add to the portfolios we manage.

Our Integrated Approach to Managing Risk

UBC Investment Management takes a holistic approach to risk management, considering both the investment risk associated with managing the investment portfolios, as well as the enterprise risk our organization must navigate in implementing our corporate strategy. As an active investor and allocator employing a manager-of-managers model, we have long made risk management a focus and core competency of our team, and have steadily advanced our process, as we've gained more in-depth information from our external managers on the characteristics of our private investments, as well as environmental, social and governance (ESG) metrics for their investment strategies.

Investment Risk Stakeholders

Our investment risk management framework starts by considering how risk is defined by each stakeholder that plays a role in our investment decision-making – similar to our approach to return attribution.

The UBC Board of Governors, which approves the risk tolerance and required return of the funds we manage, wants to ensure that risk in the investment portfolio is appropriately managed to deliver beneficiaries' desired return over the long term.

UBC Investment Management's Board of Directors and the UBC Staff Pension Plan Board are responsible for developing the Strategic Portfolios for the Endowment and the Staff Pension Plan, respectively; both are then recommended to the UBC Board of Governors. They focus primarily on whether risk in the Investment Portfolio is consistent with that of the Strategic Portfolio, and also whether our investment decisions are subject to adequate controls.

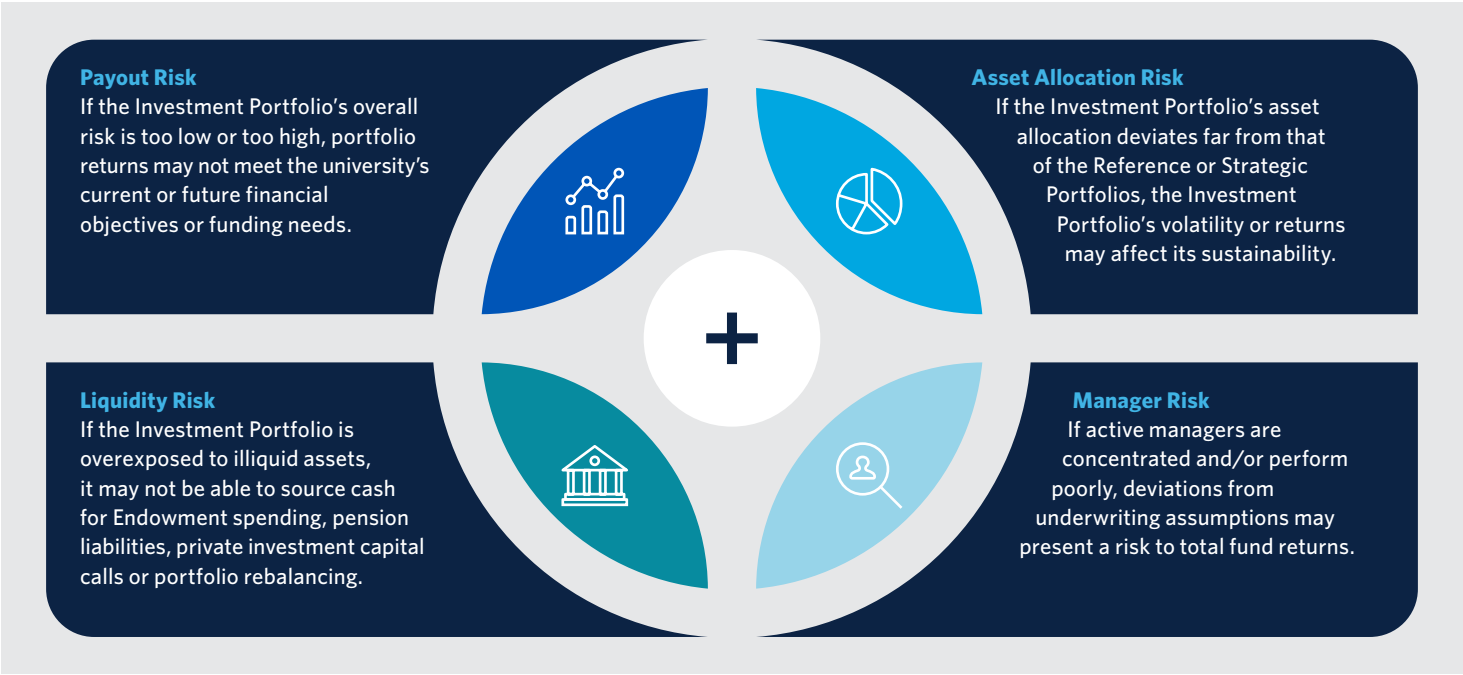
The UBC Investment Management team, in actively managing the Investment Portfolio, monitors and reports on risk to our Board, the UBC Staff Pension Plan Board and the UBC Board of Governors. In addition, we closely monitor the liquidity profile of the Investment Portfolio and ensure that funds of external investment managers remain in line with our underwriting criteria and return expectations.

Identifying Investment Risks

Our investment risk management approach builds on the information needs of investment decision-makers and identifies four investment risk elements: payout risk, asset allocation risk, liquidity risk and manager risk.

Assessing and managing ESG-related risks is integral to our investment process and risk framework. We assess potential impacts of climate change on long-term asset class returns and payout risk. We consider broad ESG risks across sector and geographic exposures in implementing the Investment Portfolio, and how external managers assess, manage and report on ESG risks.

Using the performance and risk management systems we implemented in FY22–23, our investment team has developed meaningful risk metrics for the four risk elements codified in our investment risk management policy. These metrics are calculated for each portfolio and reported to the UBC Investment Management Board on a quarterly basis.



Managing Enterprise Risks

Beyond the risks specific to managing investment portfolios, UBC Investment Management has developed processes to identify and manage enterprise risks that could have a significant impact on our organization and the implementation of our corporate strategy. Our approach to managing enterprise risks, adopting proven best practices for an organization of our size, is overseen by the Risk & Audit Committee of our Board of Directors. We also worked closely with UBC's Office of Enterprise Risk and Assurance to ensure our comprehensive assessment framework aligns with that of UBC.

Our enterprise risk assessment framework defines six categories of organizational risk:

- governance and oversight
- relationship management
- legal, regulatory and compliance risk
- business continuity, information security and systems risk
- human resources management
- operations and control environment

Within those categories, we regularly monitor a range of specific risks. The framework focuses on the probability of these risks occurring and their potential severity, given the controls in place. It is also designed to pinpoint areas where the current level of enterprise risk is misaligned with the risk tolerance of our Board, helping direct our corporate priorities to enhance resiliency. The UBC Investment Management team provides quarterly reporting to the Risk & Audit Committee on corporate developments related to enterprise risk factors. The team also undertakes annual risk reassessments and leverages the assessment results to guide our corporate strategic objectives and budgeting.

In FY23–24, a core business objective was the formation of a unified and comprehensive set of procedures covering both corporate and investment activities within UBC Investment Management. Our development of these codified procedures illustrates how our approach to enterprise risk management drives continuous improvement. We've now documented and formalized several new processes in response to risks identified during FY22–23 in our enterprise risk management review.

INVESTMENT REVIEW



INVESTMENT REVIEW FISCAL YEAR 2023–2024

A detailed breakdown and analysis of our portfolios' performance over the past fiscal year.



At March 31, 2024, UBC Investment Management managed \$6.2 billion in assets across five funds. Each of our managed funds has its own risk and return objectives and unique policy asset mix targets. As such, each fund will have different investment results.

The two largest funds we manage – the UBC Main Endowment Pool and UBC Staff Pension Plan – are constructed as diversified multi-asset class portfolios, actively managed by UBC Investment Management to generate value-add over a passive implementation model. Each fund's Strategic Portfolio considers the fund's unique required return, investment horizon and liquidity profile, along with the overall investment risk tolerance level of the capital pools.

Other funds overseen by UBC Investment Management include smaller capital pools with specific investment restrictions.

2023–2024 IN REVIEW

Following a broad decline in equity markets in the second

half of 2022 – driven by the strong, coordinated global response of central bankers to rapid inflation gains – investor sentiment picked up early in 2023 and carried through much of the year. This optimism was largely fueled by an anticipated end to interest rate hikes amid decelerating inflation. However, it also reflected a global economy that held up significantly better than forecasted. Despite the persistent threat of a recession and rising geopolitical tensions, markets remained resilient.

Progress on Inflation

Fixed income investors endured significant volatility in portfolio returns during FY23–24 as inflation remained a central concern for policymakers worldwide. Elevated consumer prices persisted due to supply chain disruptions, high energy costs and robust consumer demand in many economies. This caused headline inflation to decelerate more slowly than most market analysts had anticipated. In response, central banks maintained a hawkish stance in addressing inflation through most of 2023 and continued lifting policy rates through mid-year. Still, by year end, the rate of consumer and commodity price increases had approached the upper end of central bank targets, and policy makers signaled a pause in further rate hikes.

Equity Markets Advance, Property Mixed

Equity markets responded positively to receding inflation risks and signs that interest rates had likely peaked. The broad global equity benchmark jumped by over 25% in FY23–24, led by the United States and, in particular, its information technology sector. The rapid advancement and adoption of artificial intelligence (AI) technologies during the year led to a significant rally in tech stocks. Companies developing AI solutions saw unprecedented growth, leading to strong earnings that drove overall market gains.

We saw similar trends in emerging markets. The strength of the information technology sector also benefited Taiwan and South Korea, while the growing trend in the United States toward reshoring offshore manufacturing or shifting it to different countries was highly advantageous for India and Mexico. In contrast, the Chinese economic recovery has been slower than expected – owing to its struggling property market and a lack of fiscal stimulus – which led to negative returns over the past year. As a result, overall returns in emerging markets lagged those of developed markets.

While equity investors looked forward to a lower interest rate environment, the high level of current rates continues to create headwinds for commercial property markets. Transactions have slowed considerably for office and retail buildings as buyers and sellers grapple over valuations. Meanwhile, other pockets of the commercial property market, including industrial properties and multi-residential structures, have seen more activity, albeit at reduced prices.

Looking Ahead

Overall, capital markets exhibited remarkable resilience and adaptability in FY23–24 despite worldwide economic challenges. The global economy has slowed in this period of higher interest rates, but it has yet to turn around – an outcome that will be welcomed by policy makers and investors alike. History has shown that the impact of policy changes is rarely immediate; time will tell if the tightening of monetary policy in 2022 and 2023 was sufficient to quell inflationary pressures over the longer term. Rising wages, the deglobalization of supply chains and the decarbonization of our economy are inflationary pressures that will not dissipate quickly, as households, corporations and investors will all need to adapt.

As 2024 unfolds, interest rate policy remains a top-of-mind issue, along with major geopolitical developments, including significant elections in many countries. Given the robust returns experienced in public markets over the past year, these issues present material risks for short-term investors. Asset owners that have a longer investment time horizon are better positioned to take advantage of the opportunities ahead.

2023–2024 INVESTMENT PERFORMANCE

VALUES AS OF MARCH 31, 2024

MAIN ENDOWMENT POOL	2024	2023
	\$2.29 billion	\$2.09 billion
STAFF PENSION PLAN	2024	2023
	\$2.67 billion	\$2.40 billion
WORKING CAPITAL FUND	2024	2023
	\$0.94 billion	\$1.10 billion

Note: Changes shown in market values reflect investment earnings, as well as cash flows into and out of the portfolios. Not included above are an additional \$290.26 million of endowed assets, managed passively against public benchmarks or under specific investment restrictions, at other foundations that support UBC-based programs (see page 50).

INVESTMENT PROGRAM RESULTS

We categorize our investment assets into five broad investment programs that share similar attributes and guide our Strategic Portfolio allocations:

- Fixed Income Program
- Equity Program
- Real Assets Program
- Absolute Return Program
- Total Portfolio Management Program

Each of our investment programs is governed by a policy reviewed annually, alongside a technical review of program composition and performance. Policies describe the investment objectives of the program, performance benchmarks for sub-asset class strategies, and any constraints related to portfolio construction.

FY23–24 Performance Results

Overall, our investment programs generated strong returns over the year ended March 31, 2024, but realized a negative implementation value added (investment portfolio return relative to the Strategic Portfolio benchmark) when aggregated at the total fund level. Exceptionally strong returns in public equity market indexes, which constitute a large part of the Strategic Portfolio benchmark, were the primary driver of this underperformance.

Given our implementation approach through private market investments – which account for over 40% of the Endowment and Staff Pension Plan portfolios – we expect that Investment Portfolio returns will lag those of the Strategic Portfolio in the near term, as public market indexes generate strong positive returns. Conversely, when public markets post weaker or negative returns, we expect the Investment Portfolio to outperform, as was the case in FY22–23. Within our investment framework, we prefer to evaluate our programs

over a five-year period as we seek to generate value-add relative to passive public market benchmarks over the medium to long term.

In public markets, implementation in equities and long-term bonds realized solid value-add in FY23–24 despite challenging conditions for active managers. Private markets investments, with the exception of real estate, also contributed positive returns at the total fund level during the year, though they generally lagged their passive public market benchmarks. An exception was our infrastructure portfolio, which returned 6.6% and outpaced the listed infrastructure benchmark index.

Asset class performance over five years provides a clearer picture of the success of our investment programs in adding value compared to passive alternatives. Our Fixed Income and Real Assets Programs have achieved this objective, while our Equity and Absolute Return Programs have underperformed.

UBC Investment Management has, over the past few years, focused on the transition of three main areas of our portfolios: enhancing private market capital deployment and pacing; developing strategic partnerships with several top-tier investment managers; and maturing our portfolio construction in private credit, private equity, real estate and infrastructure to build up programs that can add value through varied market environments.

Over five years, our private credit and private equity investments in the Main Endowment Pool have delivered annualized returns of 8.9% and 13.0%, outperforming their benchmarks by 2.8% and 0.6%, respectively, while our real assets portfolio has provided an 8.0% return, adding 3.9% above the benchmark. Over the same period, the public equity portfolio has underperformed the benchmark index by 0.6%, although it still achieved a total return of 8.7%.

For the Staff Pension Plan portfolio, the active return level was similar to that of the Main Endowment Pool across different investment programs. However, the total returns in private credit and real assets were slightly lower: the fund's currency hedging policies on those asset classes, combined with the depreciation of the Canadian dollar, detracted from returns over the period.

Asset Class Commentary

Within our public equity program, systematic strategies have performed strongly even as fundamental managers have faced headwinds. In private equity, the portfolio has been performing in line with our expectations and we continued to fund our strategies as planned in FY23–24.

Across our private credit, real estate and infrastructure portfolios, the team made several new investments to maintain asset allocations at the desired levels as capital returned from existing investments. We also continued to evolve portfolio construction toward final targets, reducing exposure to core strategies and allocating to areas of the market with favourable dynamics. We work with strategic partners who are experts in their market segments; they derive value-add by identifying market inefficiencies and structuring investments while rigorously managing risk.

The tables below highlight the Main Endowment Pool and Staff Pension Plan returns across UBC Investment Management's Investment Programs for the period ended March 31, 2024:

TABLE 1

Investment Program Performance — Main Endowment Pool (at March 31, 2024)

Investment Program	1-Year Return	1-Year Implementation Value Added*	5-Year Return	5-Year Implementation Value Added*
Fixed Income Program	7.6%	-0.3%	5.6%	0.9%
Cash	3.1%	-1.7%	1.5%	-0.6%
Government Bonds	0.8%	-0.2%	–	–
UBC Debenture	6.0%	0.0%	7.2%	0.0%
Private Credit	10.2%	-1.9%	8.9%	2.8%
Equity Program	18.4%	-1.9%	9.2%	-0.7%
Public Equity	21.5%	2.2%	8.7%	-0.6%
Private Equity	6.0%	-19.1%	13.0%	0.6%
Real Assets Program	1.0%	-4.2%	8.0%	3.9%
Real Estate	-6.1%	-13.1%	6.8%	3.7%
Infrastructure	6.6%	3.3%	8.9%	3.9%
Absolute Return Program	7.3%	-2.9%	4.9%	-0.3%

* Implementation value added refers to the asset class return relative to Strategic Portfolio asset class benchmarks.

TABLE 2

Investment Program Performance — Staff Pension Plan (at March 31, 2024)

Investment Program	1-Year Return	1-Year Implementation Value Added*	5-Year Return	5-Year Implementation Value Added*
Fixed Income Program	4.5%	1.1%	1.1%	1.0%
Cash	3.5%	-1.3%	1.9%	-0.1%
Long Term Bonds	2.5%	1.7%	-0.9%	0.6%
Infrastructure Debt	2.1%	1.3%	0.9%	2.3%
Mortgages	4.9%	-0.6%	2.5%	0.3%
Private Credit	10.1%	-1.3%	—	—
Equity Program	18.2%	-0.8%	9.4%	-0.5%
Public Equity	20.6%	2.6%	9.2%	-0.3%
Private Equity	5.6%	-19.5%	13.2%	0.9%
Real Assets Program	1.1%	-4.2%	7.2%	4.1%
Real Estate	-6.3%	-12.9%	6.3%	4.6%
Infrastructure	6.3%	2.3%	7.1%	3.1%

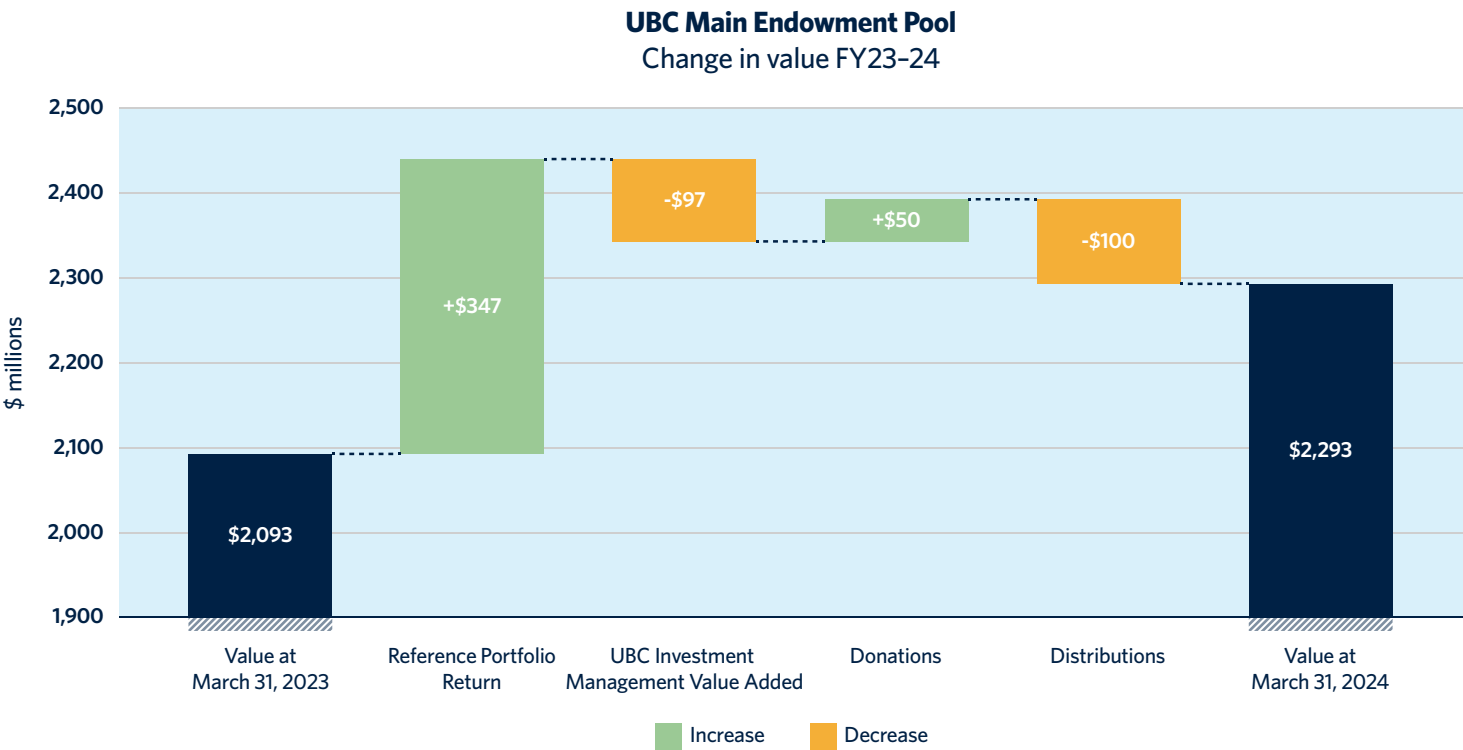
* Implementation value added refers to the asset class return relative to Strategic Portfolio asset class benchmarks.

TOTAL FUND RESULTS

MAIN ENDOWMENT POOL

\$2.3 billion assets under management

The UBC Main Endowment Pool increased in value by \$200 million over the one-year period ended March 31, 2024, driven by strong investment returns of \$250 million. Over FY23–24, the Main Endowment Pool distributed \$100.4 million to support various UBC research, teaching and student aid programs.



The Main Endowment Pool asset mix is guided by the target weights of the Strategic Portfolio approved by the UBC Investment Management Board and the risk profile of the Reference Portfolio. The Main Endowment Pool’s Strategic Portfolio diversifies the Reference Portfolio across seven asset classes within UBC Investment Management’s broader investment programs. Compared to the Reference Portfolio, the Strategic Portfolio has a lower weighting to public fixed income and public equities and includes allocations to real estate, infrastructure and absolute return strategies.

Rather than passively replicating the Strategic Portfolio, our investment team pursues an active implementation using external managers – deploying into private investments, for example, with the aim of outperforming the Strategic Portfolio.

The following table contains the Main Endowment Pool’s asset mix as of March 31, 2024, as well as the Reference Portfolio and Strategic Portfolio’s target asset mix:

TABLE 3
Asset Mix — Main Endowment Pool (at March 31, 2024)

Investment Program	Reference Portfolio Target Weight	Strategic Portfolio Target Weight	Investment Portfolio
Fixed Income	30.0%	17.5%	18.8%
Equity	70.0%	55.0%	56.3%
Real Assets		20.0%	19.4%
Absolute Return		7.5%	5.4%

TABLE 4**Performance Analysis — Main Endowment Pool (at March 31, 2024)**

	1 Year	3 Years	5 Years	10 Years
Endowment Required Return	7.7%	9.5%	8.2%	7.0%
Investment Portfolio Return*	12.1%	8.3%	8.0%	7.8%
Reference Portfolio Benchmark [†]	16.6%	6.3%	7.8%	7.6%
Value Added	-4.5%	2.0%	0.2%	0.2%

*Returns are reported net of external investment management fees and are annualized for periods greater than one year.

[†]The Reference Portfolio was adopted by the Main Endowment Pool in FY21–22. The historical policy benchmark return was used for earlier periods.

The Main Endowment Pool generated a total return of 12.1% in the one-year period ended March 31, 2024, reflecting strong return results in the portfolio's public equity and private credit programs and solid returns from the infrastructure and absolute return portfolios. This result underperformed the Reference Portfolio's 16.6% return over the same period, which was propelled by its higher weighting toward public equity. Over longer periods, the Investment Portfolio generated annualized returns of 8.0% over five years and 7.8% over 10 years, outperforming the portfolio benchmark by 0.2% over both periods.

Looking at the longer investment horizon, we also assess how effectively the Main Endowment Pool meets its principal objective: to maintain inflation-adjusted value and generate growth sufficient to support the Endowment's spend rate and administrative charge. While inflationary pressures in recent years have lifted the fund's 10-year required return to 7.0%, its corresponding return of 7.8% continues to exceed this target.

Attributing Performance in the Main Endowment Fund

UBC Investment Management's investment framework is focused on the long-term performance of our managed funds, measuring and attributing the performance of key decisions made in the overall investment process to ensure each decision is contributing within expectations to the long-term financial objective. Key decisions include:

- the risk tolerance decision, represented by the Reference Portfolio
- the decision to diversify the Reference Portfolio to a passive multi-asset class Strategic Portfolio
- the active implementation decisions by the UBC Investment Management team to pursue incremental returns through portfolio construction, investment manager selection and private market investments

The table following outlines key sources of return and value-add over the three-year period ended March 31, 2024, when the investment framework became effective.

TABLE 5					
Attributing Performance in the Main Endowment Fund (3 years ended March 31, 2024)					
	Reference Portfolio (A)	Diversification Benefit	Implementation Value Added	Total Value Added (B)	Investment Portfolio (A+B)
Investment Return	6.3%	0.1%	1.9%	2.0%	8.3%

The two-asset, passive Reference Portfolio approved by the UBC Board of Governors serves as the return and risk benchmark of the Endowment; it generated a return of 6.3% in the three-year period. This result was driven by strong returns from public equity markets over the period and negative returns from Canadian public bonds.

The Strategic Portfolio expands the Reference Portfolio exposures to a diversified mix of investable public market indexes that represent an expanded set of asset classes, such as credit and real assets. This diversification benefit is expected to generate incremental returns above the Reference Portfolio over the long term and reduce the overall risk level in the Investment Portfolio. The Strategic Portfolio is also used to guide the exposures in the Investment Portfolio and, importantly, enables the UBC Investment Management team to both add value through active investment selection and invest in private markets. Over the three-year period, the Strategic Portfolio generated a positive incremental return of 0.1%.

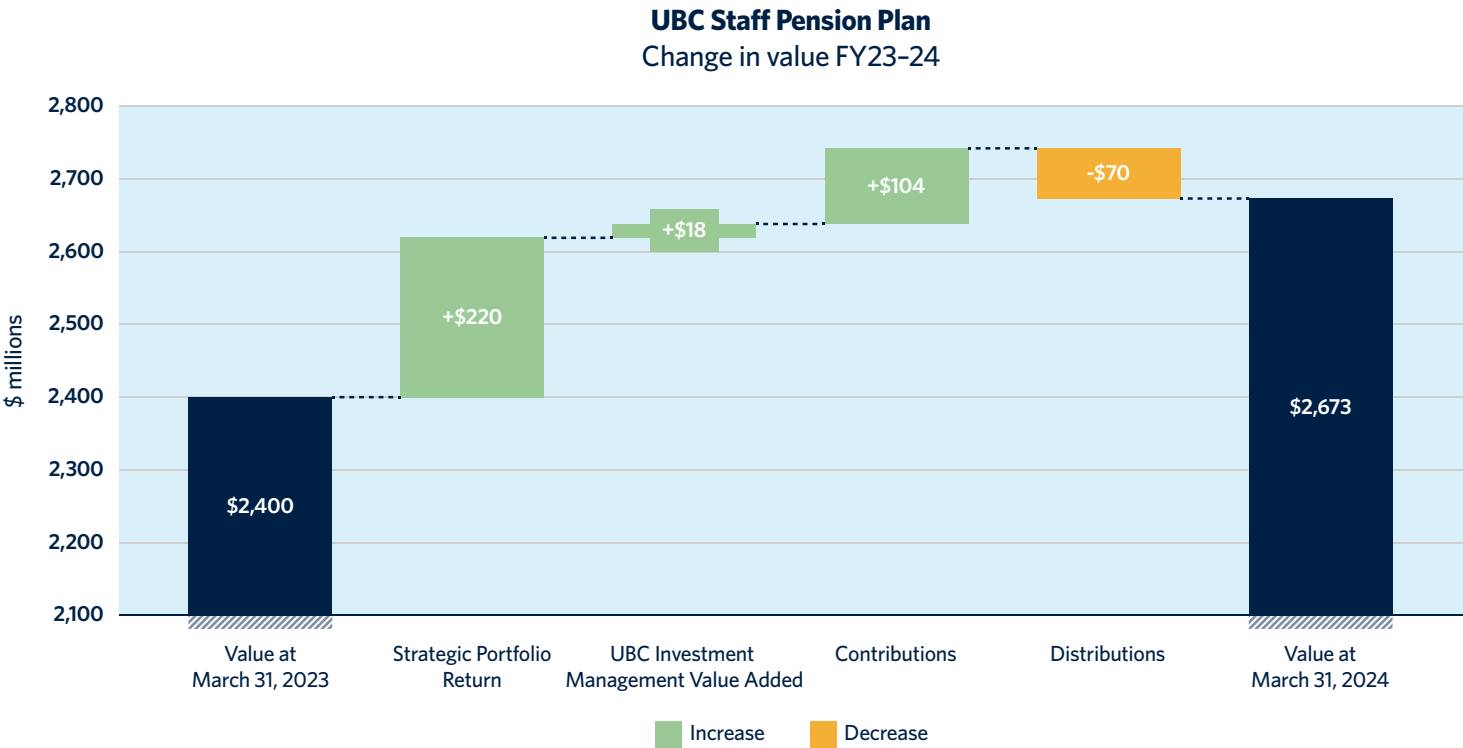
The diversification benefit does not consider the impact of the decision to implement the Strategic Portfolio using active management and private market investments. The aggregate impact of these decisions is measured as the implementation value added by the UBC Investment Management team. Over the three-year period, this incremental return added 1.9%.

Positive implementation value added over this period was largely attributable to the Main Endowment Pool’s private equity and real assets portfolios, which outperformed their public market index benchmarks. While this level of positive implementation value has been strong, amidst volatile market conditions, implementation value added results are expected to vary over short time horizons. UBC Investment Management focuses on the team’s implementation track record over the longer term. Overall, the effect of diversification and active implementation contributed 2.0% of value-add relative to the Reference Portfolio return.

STAFF PENSION PLAN

\$2.7 billion assets under management

The assets of the UBC Staff Pension Plan (SPP) grew by \$273 million in FY23–24, a result reflecting strong total portfolio returns as well as positive cash flows into the plan. The SPP continues to have a healthy ratio of active members to pensioners, generating net contributions into the SPP Investment Portfolio after providing \$57 million of pensions payments in the year.



The SPP Strategic Portfolio asset mix is informed by the results of periodic asset-liability modelling. Similar to the Main Endowment Pool, the UBC Investment Management team is responsible for the active implementation of the Strategic Portfolio, using external investment managers and private markets investment strategies to add value through incremental returns.

The SPP Strategic Portfolio has a 42.5% target weighting to fixed income, diversified across a number of sub-asset class strategies including long-maturity public and private bonds, and shorter-maturity private credit and mortgages. The Strategic Portfolio also has a 35% weighting to public and private equity and a 22.5% allocation to real assets. The current SPP Strategic Portfolio asset mix has been in effect since 2019.

The following table shows the SPP Investment Portfolio asset mix weightings as well as the Strategic Portfolio’s target asset mix as of March 31, 2024:

TABLE 6
Asset Mix — SPP (at March 31, 2024)

Investment Program	Strategic Portfolio Target Weight	Investment Portfolio
Fixed Income	42.5%	43.1%
Equity	35.0%	36.8%
Real Assets	22.5%	20.1%

TABLE 7
Performance Analysis — SPP (at March 31, 2024)

Investment Program	1 Year	3 Years	5 Years	10 Years
Long-Term Performance Objective				6.5%
Investment Portfolio Return*	8.4%	5.0%	5.5%	6.6%
Strategic Portfolio Benchmark	9.2%	2.6%	4.3%	
Value Added	-0.8%	2.4%	1.2%	

*Returns are reported net of external investment management fees and are annualized for periods greater than one year.

The SPP Investment Portfolio generated a total return of 8.4% in FY23–24, the outcome of strong performance from public equity and private credit investments offset by weaker returns across long maturity fixed income and real estate allocations. This result lagged the SPP’s Strategic Portfolio return of 9.2% over the same period. Over five years, the SPP Investment Portfolio has returned 5.5% on an annualized basis, outpacing the Strategic Portfolio Benchmark of 4.3%.

Over longer periods, we also compare the SPP Investment Portfolio returns against a long-term return objective in the SPP’s Statement of Investment Policy: to achieve a return of 4.0% in excess of inflation. Over a 10-year period, the Investment Portfolio has achieved this objective.

TABLE 8
Attributing Performance in the SPP Portfolio (3 years ended March 31, 2024)

	Strategic Portfolio (A)	Implementation Value Added	Total Value Added (B)	Investment Portfolio (A+B)
Investment Return	2.6%	2.4%	2.4%	5.0%

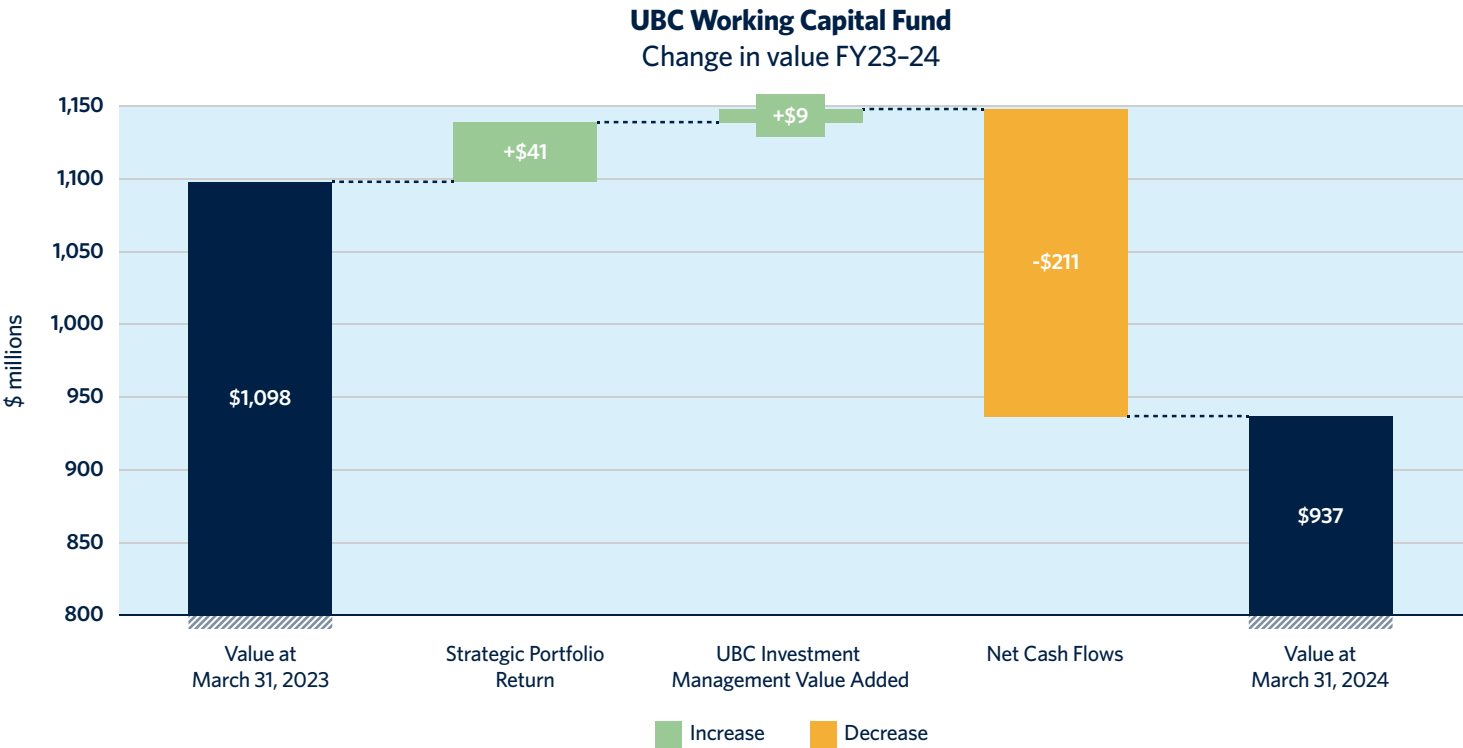
The SPP Strategic Portfolio is constructed as a diversified mix of investable public market indexes, with asset classes across fixed income, equity and real asset programs. We apply the performance attribution framework to the SPP portfolio in a similar manner as we do to the Endowment, evaluating the returns available in capital markets through the Strategic Portfolio return and the implementation value added through UBC Investment Management’s active implementation of the Strategic Portfolio.

For the three-year period ended March 31, 2024, the SPP Strategic Portfolio generated a return of 2.6%, reflecting solid returns from the Strategic Portfolio’s allocations to public equity, private credit and infrastructure asset classes partially offset by negative returns from public fixed income. Considering the SPP’s Investment Portfolio return of 5.0% over the three-year period, the effect of active implementation – the implementation value added – was 2.4%. The strong level of value was a result of positive contributions across the SPP’s different asset classes, though the equity and real asset programs accounted for the majority of the total value added.

WORKING CAPITAL FUND

\$0.9 billion assets under management

The working capital assets of the university decreased by \$161 million over the one-year period ending March 31, 2024. The investment returns contributed positively to fund growth over the year, but the net draw of capital out of the fund for the university’s operations substantially exceeded this growth.



The Working Capital Fund is a highly liquid portfolio of money market assets and short-duration traditional public bonds and mortgage strategies, reflecting the fund's investment policy liquidity risk constraints. Accordingly, the Strategic Portfolio consists of 15% government treasury bills and 85% short-term bonds. The Investment Portfolio weights fluctuate as tuition and grants are received, and then operating costs are drawn.

In FY23–24, the Working Capital Fund returned 4.5%, outpacing the Strategic Portfolio return of 3.7%. Over the three-year period ended March 31, 2024, the Working Capital Fund generated implementation value added of 0.9%.

Investments in liquidity assets contributed strongly to the total fund return in recent years as Canada's central bank policy rate increased through mid-2023, quickly benefiting short-term money market instrument returns. Public bonds and mortgages, meanwhile, have modest interest rate sensitivity but generated solid positive returns over one year after facing headwinds in the prior year from rising rates. The Investment Portfolio generated returns of 2.0% over both 5-year and 10-year periods, resulting in 0.6% and 0.5% value added on an annualized basis, respectively, above the Strategic Portfolio benchmark.

TABLE 9**Asset Mix — Working Capital Fund (at March 31, 2024)**

Investment Program	Strategic Portfolio Target Weight	Investment Portfolio
Fixed Income	100%	100%
Liquidity Assets	15.0%	21.8%
Public Fixed Income	85.0%	48.1%
Private Fixed Income	–	30.2%

TABLE 10**Performance Analysis — Working Capital Fund (at March 31, 2024)**

	1 Year	3 Years	5 Years	10 Years
Investment Portfolio Return*	4.5%	1.5%	2.0%	2.0%
Strategic Portfolio Benchmark†	3.7%	0.6%	1.4%	1.5%
Value Added	0.8%	0.9%	0.6%	0.5%

*Returns are reported net of external investment management fees and are annualized for periods greater than one year.

†Returns stated are annualized for periods greater than one year. The current policy benchmark consists of 15% 30-day FTSE Canada T-Bills Index and 85% FTSE Canada Short Term Overall Bond Index.

OTHER FUNDS UNDER MANAGEMENT

\$290 million in aggregate assets

UBC Investment Management also oversees the investments of a number of smaller capital pools for the university. Some of these pools are managed passively against public benchmarks; others are managed under specific investment restrictions. At March 31, 2024, the aggregate assets of these capital pools were \$290 million.

TABLE 11

Performance Analysis (at March 31, 2024)

	1 Year	5 Years	10 Years
Pools Managed Passively			
Supplementary Arrangement (\$131.7 million)			
Investment Portfolio Return*	11.4%	6.0%	6.5%
Policy Benchmark	11.8%	6.2%	6.6%
Value Added	-0.4%	-0.2%	-0.1%
Endowments with Investment Restrictions			
Peter Wall Legacy Fund (\$105.1 million)[†]			
Investment Portfolio Return*	12.4%		
Policy Benchmark	16.6%		
Value Added	-4.1%		
Vancouver Foundation (\$49.4 million)			
Investment Portfolio Return*	11.6%	7.3%	7.2%
Policy Benchmark	12.8%	7.8%	7.3%
Value Added	-1.2%	-0.5%	-0.1%
Merilees Chair — Jarislowski Fraser (\$4.1 million)			
Investment Portfolio Return*	14.0%	7.2%	7.2%
Policy Benchmark	11.3%	6.3%	6.3%
Value Added	2.7%	0.9%	0.9%

*Returns are reported net of external investment management fees and are annualized for periods greater than one year.

[†]UBC Investment Management assumed management of the Peter Wall Legacy Fund (formerly held at the UBC Foundation) in November 2022. The Fund does not yet have a 5-year period return.

FINANCIAL STATEMENTS



INDEPENDENT AUDITORS' REPORT

To the Directors,
UBC Investment Management Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of UBC Investment Management Inc. (the “Company”), which comprise the balance sheet as at 31 March 2024, and the statements of retained earnings, earnings and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises (ASPE).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASPE, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

**INDEPENDENT AUDITORS' REPORT
(CONT'D)**

Auditors' Responsibilities for the Audit of the Financial Statements

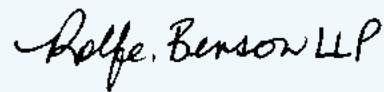
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT (CONT'D)

-
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Handwritten signature of Rolf Benson in black ink.

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
7 June 2024

BALANCE SHEET

31 MARCH 2024

	2024	2023
Assets		
Current		
Cash	\$ 527,412	\$ 190,507
Short term investments	2,779,181	2,260,644
Accounts receivable (Note 9)	100	8,500
Prepaid expenses	120,680	130,932
	3,427,373	2,590,583
Equipment and leasehold improvements (Note 3)	211,549	253,039
Intangible assets (Note 4)	19,656	24,570
Security deposit	5,350	5,350
	\$ 3,663,928	\$ 2,873,542
Liabilities		
Current		
Accounts payable and accrued liabilities (Notes 5 and 9)	\$ 1,382,835	\$ 1,132,268
Advances payable (Notes 6 and 9)	2,173,518	1,709,002
	3,556,353	2,841,270
Deferred lease inducement (Note 7)	41,094	–
	3,597,447	2,841,270
Commitments (Note 8)		
Shareholder's Equity (Deficit)		
Share capital (Note 10)	100	100
Retained earnings (deficit)	66,381	32,172
	66,481	32,272
	\$ 3,663,928	\$ 2,873,542

The accompanying notes are an integral part of these financial statements.

APPROVED BY THE BOARD:

Gordon MacDougall, Director

Rakesh Saraf, Director

STATEMENT OF RETAINED EARNINGS

FOR THE YEAR ENDED 31 MARCH 2024

	2024		2023	
Balance – beginning of year	\$	32,172	\$	(37,601)
Net earnings for the year		34,209		69,773
Balance – end of year	\$	66,381	\$	32,172

The accompanying notes are an integral part of these financial statements.

STATEMENT OF EARNINGS

FOR THE YEAR ENDED 31 MARCH 2024

	2024	2023
Revenue		
Portfolio management fees (Note 9)	\$ 4,653,083	\$ 4,024,905
Other revenue	135,275	39,176
	4,788,358	4,064,081
Expenses		
Salaries and related benefits (Note 9)	3,046,396	2,830,787
Computer support and licenses	677,404	301,380
Consulting and research	268,353	50,589
Office lease	188,335	196,398
Directors fees and expenses	173,920	179,950
Legal	81,878	204,020
Office	68,235	72,407
Travel	51,273	35,243
Executive search	42,500	–
Audit and accounting	38,305	29,840
Dues and memberships	26,303	24,253
Telephone	16,748	15,571
Insurance (Note 9)	6,000	6,000
Advertising and promotion	5,663	6,101
Bank charges and interest	1,714	3,228
Amortization of equipment and leasehold improvements	56,208	35,811
Amortization of intangible assets	4,914	2,730
	4,754,149	3,994,308
Net earnings for the year	\$ 34,209	\$ 69,773

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	2024	2023
Cash provided by (used in):		
Operating activities		
Net earnings for the year	\$ 34,209	\$ 69,773
Items not involving cash		
Amortization of equipment and leasehold improvements	56,208	35,811
Amortization of intangible assets	4,914	2,730
Amortization of deferred lease inducement	(13,698)	–
	81,633	108,314
Changes in non-cash working capital balances		
Short term investments	(518,537)	(2,260,644)
Accounts receivable	8,400	32,728
Prepaid expenses	10,252	(33,080)
Accounts payable and accrued liabilities	250,567	94,305
Advances payable	464,516	1,409,002
Deferred lease inducement	54,792	–
	351,623	(649,375)
Investing activities		
Purchase of equipment and leasehold improvements	(14,718)	(250,606)
Purchase of intangible assets	–	(27,300)
	(14,718)	(277,906)
Net increase (decrease) in cash	336,905	(927,281)
Cash – beginning of year	190,507	1,117,788
Cash – end of year	\$ 527,412	\$ 190,507

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

1. Incorporation, operations and economic dependence

The Company (formerly UBC Investment Management Trust Incorporated) was incorporated on 28 March 2003 under the provisions of the Business Corporations Act of British Columbia and commenced operations on that date.

The Company is a wholly owned subsidiary of the University of British Columbia (UBC). The Company manages four of UBC's investment funds and the Company is economically dependent on UBC as its only revenue source is the earning of portfolio management fees for its services.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for private enterprises. The significant accounting policies are detailed as follows:

(a) Financial instruments

(i) Measurement of financial instruments

The Company initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Company subsequently measures all of its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, short-term investments, accounts receivable and security deposits.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and advances payable.

(ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net earnings. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net earnings.

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

(iii) Transaction costs

The Company recognizes its transaction costs in net earnings in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(b) Revenue recognition

Fees for services are recognized as revenue when the services are rendered and billed.

(c) Equipment

Equipment is recorded at cost and is being amortized over its estimated useful life on the following basis:

Furniture and fixtures	20% Declining balance
Computer equipment	30% Declining balance
Computer software	100% Declining balance

(d) Leasehold improvements

Leasehold improvements are recorded at cost and are amortized on a straight-line basis over six years.

(e) Intangible assets

Intangible assets are recorded at cost and are being amortized over their estimated useful lives on the following basis:

Website	5 years Straight-line
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**NOTES TO THE
FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2024**

(f) Impairment of long-lived assets

A long-lived asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

(g) Income taxes

The Company follows the future income taxes payable method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are recognized for the estimated tax consequences attributable to temporary differences between the amounts reported in the financial statements and their respective tax basis, using enacted income tax rates. The effect of a change in income tax rates on future income tax assets and liabilities is recognized in operations in the period that the rate becomes substantially enacted.

(h) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and revenues and expenses and disclosure of contingent assets and liabilities at the balance sheet date. Accounts subject to estimates include amortization rates of equipment and intangible asset and recognition of accrued liabilities. Management believes that the estimates utilized in preparing the financial statements are prudent and reasonable; however, actual results could differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

3. Equipment and leasehold improvements

	Cost	Accumulated Amortization	2024 Net	2023 Net
Furniture and fixtures	\$ 154,368	\$ 114,207	\$ 40,161	\$ 49,931
Computer equipment	162,368	116,805	45,563	48,230
Computer software	1,516	1,516	–	389
Leasehold improvements	251,428	125,603	125,825	154,489
	\$ 569,680	\$ 358,131	\$ 211,549	\$ 253,039

4. Intangible assets

	Cost	Accumulated Amortization	2024 Net	2023 Net
Website	\$ 27,300	\$ 7,644	\$ 19,656	\$ 24,570

5. Accounts payable and accrued liabilities

	2024	2023
Accounts payable and accrued liabilities (Note 9)	\$ 1,326,085	\$ 1,076,057
GST payable	56,751	56,210
	\$ 1,382,835	\$ 1,132,268

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

6. Advances payable

The advances payable to UBC are non-interest bearing and have no specific terms of repayment.

7. Deferred lease inducement

In the previous fiscal year, the Company expanded its office space during the year and incurred \$166,590 in capital expenditures for leasehold improvements. During the current year, the Company received lease inducements of \$54,792 plus GST. These amounts have been recorded as a deferred lease inducement and will be amortized as a reduction of rent expense on a straight-line basis over the term of the agreement (Note 8).

8. Commitments

The Company has operating leases for office premises which expires November 2026 and software agreements which expire March 2026. The minimum annual lease payments are as follows:

2025	\$	290,763
2026		300,937
2027		81,173

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

9. Shareholder transactions

- (a) During the year the Company entered into the following transactions with UBC:

	2024		2023	
Portfolio management fees	\$	4,653,083	\$	4,024,905
Salaries and related benefits	\$	12,775	\$	12,775
Insurance	\$	6,000	\$	6,000
Advances payable	\$	675,000	\$	1,520,000

These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

- (b) Included in accounts receivable are amounts due from:

	2024		2023	
UBC	\$	–	\$	8,400

- (c) Included in accounts payable are amounts due to:

	2024		2023	
UBC	\$	1,126	\$	–

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

10. Share capital

Authorized

100,000 common shares without par value

Issued

		2024		2023
100 common shares	\$	100	\$	100

11. Financial instruments

The Company is exposed to various risks through its financial instruments. The following analysis provides a measure of the Company’s risk exposure and concentrations at the balance sheet date, 31 March 2024.

(a) Liquidity risk

Liquidity risk is the risk that a company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to liquidity risk mainly in respect of its accounts payable and accrued liabilities. The Company manages liquidity risk by maintaining adequate cash. There has been no change to this risk exposure from the prior year.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company’s main credit risk relates to its cash, short-term investments, and accounts receivable. Cash is in place with a major financial institution. Short-term investments are held at a major financial institution and with the Province of BC. The Company provides credit to its one customer, UBC, in the normal course of the operations. There has been no change to this risk exposure from the prior year.

**NOTES TO THE
FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2024**

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is exposed to all three risks.

(d) Interest rate risk

Interest rate risk is the risk that the fair market value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed rate financial instruments subject the Company to a fair value risk.

(e) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company incurs some expenses in U.S. dollars and is therefore exposed to foreign exchange fluctuations. The Company does not enter into any hedging instruments to manage its exposure to foreign currency risks. There has been no change to this risk exposure from the prior year.

(f) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is exposed to other price risk through its short-term investments.

12. Non-capital losses

The Company has a non-capital loss carried forward of \$27,604 which is available to reduce the taxable income of future years. If not utilized, this non-capital loss will expire in 2042.

BOARD OF DIRECTORS



UBC INVESTMENT MANAGEMENT FY23–24 BOARD OF DIRECTORS

Gordon MacDougall, CFA

Board Chair and Corporate Director

Alexa Blain

Corporate Director (from October 2023)
Co-Founder and Managing Partner of
Deetken Impact

Tom Bradley

Corporate Director
Chair and Co-Founder of Steadyhand
Investment Funds

Amanda Farrell

Corporate Director
Chief Executive Officer, Transportation
Investment Corporation

Alison Gould

Corporate Director (until October 2023)
Chief Investment Officer, Saskatchewan
Teachers’ Federation

Hyewon Kong, CFA

Corporate Director

Frank Laezza

UBC Vice President Finance and
Operations

Azim Lalani, CPA, CA

Corporate Director (Board Chair
effective March 31, 2024)
Member of UBC Board of Governors
and Chair of UBC Board of Governors
Finance Committee (until March 31, 2024)

Yale Loh, CPA, CMA, CFA

UBC Treasurer
Member of the UBC Staff Pension Plan
Board

Rakesh Saraf, CFA

Corporate Director

Advisors and Service Providers

Auditor

Rolfe, Benson LLP Chartered
Professional Accountants

Legal Counsel

Norton Rose Fulbright Canada LLP
Lawson Lundell LLP

Custodians/Administrators

Northern Trust
Sun Life Financial

**Performance Measurement
Consultant**

Northern Trust

UBC INVESTMENT MANAGEMENT INC.

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