Endowment Numbers at a Glance

Endowed funds, supported by our generous donors, are a creative and thoughtful way to support our students, professors and researchers, and enhance our teaching and research programs.

- **$1.15B** Value of UAlberta Endowment
- **2,731** Number of endowed funds
- **$32M** New gifts and pledges to the UAlberta Endowment
- **$35.6M** Total endowment spending allocation
- **3,965** Number of students who received support from donors
- **$6.3M** New gifts and pledges for student awards
- **$25.7M** New gifts and pledges for research and teaching
- **117** Donor endowed chairs and professorships
- **100%** Grateful students, teachers and researchers

THE KEYS TO SUCCESS: Organist Jeanne Yang [cover] received the Pamela Farmer Graduate Scholarship in Music in 2014-2015. “The gift was indeed an encouragement,” Yang says. She is participating in the organ masterclass at Mozarteum University in Salzburg, Austria this summer.
A Legacy of Helping Students

In 1958, 18-year-old Leighton Mellemstrand, ’62 BSc(Ag), was in hospital recovering from eye surgery. His sister Lynne Stacey, ’58 Dip(RM), had just moved to Saskatchewan for her first job as a physiotherapist after graduating from the University of Alberta. As for his career, Leighton had pretty much decided to work on the family farm in eastern Alberta — he didn’t have scores of other options. He’d failed high school physics, and there was the matter of the eye surgery, which prevented him from sitting the retake of the exam. So, the farm.

But Lynne had other ideas. “She was instrumental in getting me provisionally accepted to the university,” Leighton says. And he made it through the agriculture program, buoyed by the occasional note of encouragement from Lynne, often accompanied by a small cheque. After graduation he worked in animal nutrition, eventually working his way up to running his own feed manufacturing plants.

With a gift of $31,000 Leighton Mellemstrand created a bursary in his sister’s honour.

Lynne had a long career as a physiotherapist, settling in Ottawa. “At 78, she’s still practicing, treating orthopedic patients and working four times a week doing physio in a pool,” Leighton says. With a gift of $31,000 to the University of Alberta he created the Lynne Stacey (Mellemstrand) Physical Therapy Bursary in her honour. It goes to a student in financial need.

Leighton endowed other awards, including the Lora (Bacon) Mellemstrand Bar None Undergraduate Leadership Award in honour of his wife, Lora, ’61 BSc(HEc), who worked as a teacher, homeworker and seamstress. He contributed to the awards in stages, endowing them in perpetuity. “My sister and my wife contributed a lot to their professions. I wanted to acknowledge that,” he says. But the real winners are the students who benefit.

“There being awarded the Lynne Stacey (Mellemstrand) Bursary means I can finish school,” says 2015 recipient Isabel Aldrich-Witt. Completing her first placement, Aldrich-Witt is halfway through a master’s in physical therapy. “This award is so meaningful; it’s a person-to-person gift from someone who doesn’t even know me. I was facing a cash deficit and I wouldn’t have got through the year without it.”
Leighton Mellemstrand and his sister Lynne Stacey recently met for a family reunion on Vancouver Island. "I'm happy I have the chance to help students succeed," he says.
“Part of our value proposition is that none of our students will ever be a case study for our risk management class.”

— GORD WINKEL

Endowed Chairs in Action

Refinery fires, train derailments, highway collisions. How does great engineering mitigate the damages, or better, prevent these incidents altogether? In engineering safety and risk management (ESRM), experts study the “hierarchy of controls” — the contributing factors behind incidents.

At the University of Alberta, Gord Winkel, ’77 BSc(MechEng) and ’79MSc(Eng), is the Chair and Industrial Professor of the Safety and Risk Management program and inaugural director of the new David and Joan Lynch School of Engineering Safety and Risk Management. The chair builds on 25 years of ESRM teaching, research and outreach at the Faculty of Engineering, creating expertise and leadership at the University of Alberta.

“We want to ensure our graduates become engineers ready to assess risk and make decisions that take into consideration high public expectations around risk management in engineering,” Winkel says.

Gifts to endowed funds ensure academic and research excellence in perpetuity. But the benefits extend beyond academia. In this

How endowed chairs work:

**Academics create.** The university hires an expert to hold the chair, signaling a special area of expertise.

**Research teams work.** An endowed chair hires a research team, advancing the field and creating new avenues of enquiry.

**Students learn.** A research chair attracts great grad students, who work alongside the experts.

**Industry benefits.** Grads bring knowledge to industry, enhancing their fields.

**We all benefit.** The university develops expertise, creating local industries that enrich our community.
case, donors are helping to make the world safer — an impact that will increase as successive cohorts of University of Alberta engineers graduate schooled in safety and risk management.

The University of Alberta has 117 endowed chairs and professorships at work in all areas of research, including:

**Wendy Duggleby**, Endowed Nursing Research Chair in Aging and Quality of Life. Her research-based programs help caregivers of people with dementia, spouses of women with breast cancer, volunteers who aid older people with advanced care needs in rural settings, and more.

**David Dale-Johnson**, Stan Melton Executive Professor in Real Estate. His research applies economic theory and empirical methods to the valuation of real estate assets, assessing markets and guiding community-building efforts.

**Natalie Kononenko**, Kule Chair in Ukrainian Ethnography. She documents and digitizes Ukrainian prairie ethnography and religious culture, including hundreds of thousands of photographs and thousands of hours of sound files, to be housed in the Peel’s Prairie Provinces collection.
When Business is a Family Matter

Shortly after arriving at the Alberta School of Business to teach in the late 1980s, Lloyd Steier, ’85 PhD, recognized a lack of research into family business, despite that it was the world’s dominant form of economic organization. “We had this opportunity to understand the complex structures and impacts of family business,” Steier says. “Some of Canada’s leading business families supported this view that we needed to study it further.”

A 1999 endowment from Calgary’s Carthy Foundation, a private philanthropic organization, allowed the Alberta School of Business to found the Family Enterprise Initiative, enabling study from undergraduate to PhD levels. The initiative encompasses two centres: the Centre for Entrepreneurship & Family Enterprise, which focuses on understanding the challenges facing family firms; and the Alberta Business Family Institute, which applies the findings, working with Alberta family firms.

The endowment helps family businesses, attracting top faculty to teach students and lead research.

“When my father passed away in 2011, my family faced the profound challenge of transitioning from the sole-owner situation to the sibling partnership,” says ABFI client Chris Thrall, director of the three-generation family business McIntyre Ranching Co. Ltd. “Our advisor invited key family members and spouses to help us realize what was and wasn’t working within each area: the family, business and ownership systems.”

Steier, academic director of the ABFI, says the endowment helps businesses like the Thralls’ from around the world, attracting top faculty to teach students and lead research. These efforts are not going unnoticed. A 2015 article in the UK publication Family Capital, wrote of the Alberta School of Business, “The Canadian business school is the leading centre for family business studies and research. Its Alberta Business Family Institute is the focal point of its efforts.” It gave the school a spot on its list of the 25 Best Business Schools for Family Business.

Practically, the Carthy Foundation’s endowment turns research into action. “We’ve learned that it’s better to be proactive to move our company to a new generation,” Thrall says. “We continue to rediscover best practices to sustain our business. This is a great resource for family businesses grappling with these challenges.”
The legacy of the Carthy Foundation’s endowment, Lloyd Steier says, “is to create global interest in family business, giving these firms the tools to succeed.”
Endowment Fund

Endowments Ensure Support for Future Generations

Gifts to endowed funds have helped advance the University of Alberta’s research and teaching excellence — enabling us to pursue fundamental questions and ideas, push the frontiers of knowledge, inspire creative experimentation, drive innovation, and advance society. Endowed funds, supported by our generous donors, provide the university with ongoing, reliable funding that attracts and retains outstanding students, professors and researchers, as well as creating and enhancing important teaching and research programs. Endowed gifts to the University of Alberta are a long-term investment in our future.

Thanks to the generous support of our donors and the university’s prudent fiscal management policies, the University of Alberta endowment grew from $640 million to $1.15 billion over the last 10 years, despite the economic downturn of 2009. During this period the endowment provided $324.6 million to 2,731 individual endowment funds.

Historically, the University of Alberta endowment has performed well because we take a prudent approach to investing.

Historically, the University of Alberta endowment has performed well because we take a prudent approach to investing. To ensure an endowment will provide the same level of economic support to future generations as it does today, the university has adopted an approach that grows the value of the endowment and ensures stable funding that increases over time. To this end, our strategy is to not spend everything earned in years when investment markets are good. When investment returns are strong, amounts in excess of the spending allocation are reinvested. This enables both protection against inflation, and the buildup of a reserve that can support spending allocations when investment returns are poor.

The endowment fund returned -0.4% this year, which was substantially better than the -4.4% it would have earned had the fund been invested passively in its benchmark capital market indices. This relative outperformance reflects our prudent approach to investing. Despite this year’s overall results, the University of Alberta was able to maintain spending levels by drawing upon reserves that had been established in prior years.

Endowment spending allocation

$35.6M

Fees and expenses were 1.1% of the opening market value.

Endowment Fund
when returns were substantially stronger. The real value of the endowment fund remains healthy, allowing next year’s spending to be indexed by the rate of inflation.

The value of the university’s endowments changed during the fiscal year 2015-2016 as follows (in thousands):

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance market value April 1, 2015</td>
<td>$1,181,493</td>
<td></td>
</tr>
<tr>
<td>Investment earnings (loss)</td>
<td>(4,420)</td>
<td>-0.4%*</td>
</tr>
<tr>
<td>Endowment spending allocation</td>
<td>(35,650)</td>
<td>-3.0%*</td>
</tr>
<tr>
<td>Administrative fee</td>
<td>(7,509)</td>
<td>-0.6%*</td>
</tr>
<tr>
<td>Investment costs</td>
<td>(5,924)</td>
<td>-0.5%*</td>
</tr>
<tr>
<td>Contributions</td>
<td>21,726</td>
<td></td>
</tr>
<tr>
<td>Closing balance market value March 31, 2016</td>
<td>$1,149,716</td>
<td></td>
</tr>
</tbody>
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*Percentage of opening balance market value for endowments in aggregate. Percentages for individual endowments may vary slightly.

The endowment spending allocation is managed within a range of 2.8% and 4.0% of the opening market value balance. Actual endowment spending in 2015-2016 was 3.0%. To fund the spending allocation, cover fees and expenses, and to preserve capital against inflation over time, the university has established a long-term investment return target of 7.25%. Since inception of the unitized endowment pool in 1989, the actual annualized investment return has been 9.6%, which is well above the long-term investment target of 7.25%. During this same period, the spending allocation, inflation, fees and expenses amounted to 7.1%. These expenses are below both the long-term investment return target and actual returns. The university continues to meet its primary investment objective of earning a long-term return that exceeds endowment spending and inflation. Returns in excess of spending have been reinvested and serve as a reserve that can be drawn upon, in years when earnings are poor, to support the endowment spending allocation.

A detailed review of the 2015-2016 endowment investment performance can be found at financialualberta.ca
“Thanks to you, our researchers tackle some of the world’s greatest problems, our teachers innovate and inspire, and our students become global citizens and leaders. Your gifts to the University of Alberta make the extraordinary possible and make our world a better place.”

DAVID TURPIN
President and Vice Chancellor
University of Alberta