

ST. FRANCIS XAVIER UNIVERSITY
ENDOWMENT FUND

INVESTMENT COMMITTEE REPORT
FOR THE QUARTER ENDED
SEPTEMBER 30, 2024



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Executive Summary – Capital Markets

Market Overview

- The Bank of Canada reduced the policy interest rate twice over Q3, by 25 bps each, to 4.25%. Yields in Canada fell significantly during Q3.
- The FOMC reduced the target federal funds rate by 50 bps to the range of 4.75% to 5.00%, from the range of 5.25% to 5.50%, marking the first reduction since 2020. The European Central Bank also reduced interest rates by 25 bps.
- Despite increased volatility in Q3, global equities produced strong returns in a broad-based rally. Emerging equity markets outperformed developed equity markets in the third quarter, led by strong performance in China following the announcement of new stimulus.
- Canadian Consumer Price Index (CPI) year-over-year (y/y) was 1.6% in September; falling gasoline prices led the decline while food purchased from stores and rent continued to increase. The long-term target remains at 2%.

Canadian Equities

- The S&P/TSX Composite returned 10.5% in the third quarter of 2024, bringing its 1-year return to 26.7%.
- All 11 GICS sectors were positive this quarter. Real Estate and Financials were the best performing sectors of the index during the quarter.
- Value stocks materially outperformed growth stocks during the quarter. Value also outperformed growth over the 1-year trailing period.

Executive Summary – Capital Markets

Canadian Bond Market

- The FTSE Canada Universe Bond Index returned 4.7% in Q3 2024, bringing its one-year return to 12.9%.
- Yields fell significantly during Q3 with shorter-term maturity yields declining more than long-term maturity yields, resulting in a fairly flat yield curve.

Foreign Equities

- The S&P 500 (C\$) returned 4.5% in the third quarter of 2024, bringing its one-year return to 36.2%. In USD, the S&P 500 returned 5.9% during Q3. 10 out of 11 GICS sectors posted positive returns this quarter. Utilities and Real Estate were the best performing sectors in Q3. The S&P 500 Value Index outperformed the S&P 500 Growth Index this quarter. Over the 1-year trailing period though, the S&P 500 Growth Index outperformed the S&P 500 Value Index by 10%.
- The MSCI EAFE (C\$) returned 5.9% in the third quarter of 2024, bringing its one-year return to 24.7%. 9 out of 11 sectors were positive this quarter. Real Estate and Utilities were the top performing sectors. The MSCI EAFE Value Index outperformed the MSCI EAFE Growth Index this quarter. Japan, which has the highest weighting of the EAFE Index, posted a return of 4.5% despite the significant volatility in August.
- The MSCI EM (C\$) returned 7.3% in the third quarter of 2024, bringing its one-year return to 26.0%. 9 out of 11 sectors were positive returns in Q3. China, the highest weighting country making up over a quarter of the index, drove returns of the index in Q3 posting a return of 21.9%. Strong performance was fueled by a new stimulus announcement.

Executive Summary – Return Information

Outlined below is the summary of return information for the St. Francis Xavier University Endowment Fund measured against its policy index. Returns for the managers of the funds and key market indices are also provided. All information is for the period ended September 30, 2024.

Performance Summary		Annualized Performance	
Total Portfolio	MRQ	1 Year	4 Year
St FX Endowment Fund	6.7	23.6	12.3
Benchmark Portfolio	6.6	23.7	10.5
Active Managers			
TDAM Canadian Equity	11.9	29.1	12.9
CI Canadian Equity	10.6	25.1	18.6
TD Greystone Mortgages	3.1	10.4	4.6
Crestpoint Core Plus Real Estate ¹	0.0	(1.9)	8.7
IFM Infrastructure	3.1	6.8	10.5
Xaverian Capital	7.8	22.3	12.8
Index			
S&P/TSX Composite	10.5	26.7	13.9
FTSE Canada Universe Bond	4.7	12.9	(0.9)
S&P 500 (C\$)	4.5	36.2	16.5
MSCI EAFE (C\$)	5.9	24.7	10.5
MSCI EM (C\$)	7.3	26.0	4.9

¹ Q3 statement not yet available

Executive Summary - Administration

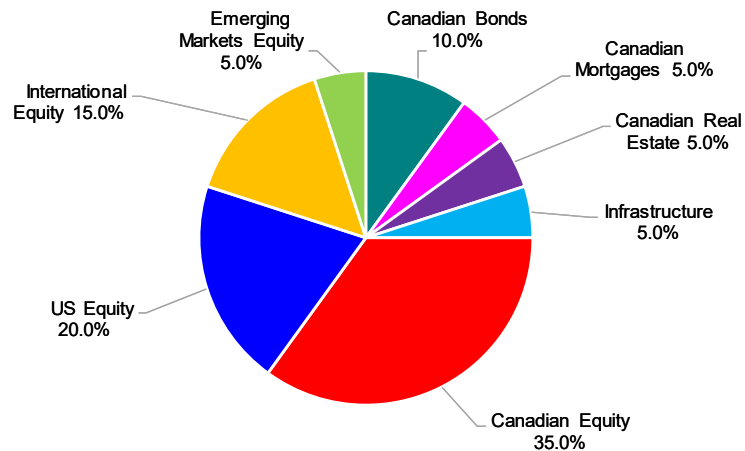
- Total investments at the end of September 2024 were \$222.1million. This is approximately \$1.6 million lower than the amount in the Element report as it includes a draw of \$1.6 million.
- Investment returns for the quarter were 6.7% which is 0.1% better than the custom benchmark. All areas had strong performances, but Canadian Equities were the leaders.
- There are no compliance issues within the Endowment Fund Investments.
- The current asset mix is inline with the targets set in the Board approved Statement of Investment Policies and Procedures.

Executive Summary – St FX Endowment Fund Assets

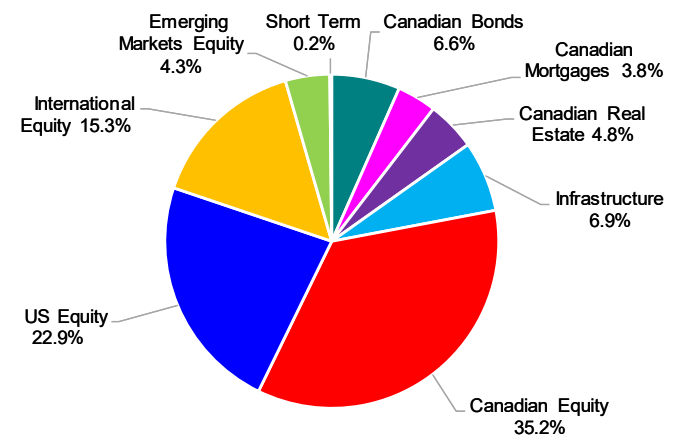
	Period Ending June 30, 2024	Period Ending Sept 30, 2024
Assets Under Admin - Beginning	207,529,006	209,764,143
Contributions		
Donations	336,165	313,547
Reinvested/Unendowed (Capital Funds)	98,361	-
	434,526	313,547
Earned Income		
Dividends	101,912	714,806
Interest	249,986	247,752
Realized Gains/Losses	478,871	2,030,252
Other	1,217,038	-
	2,047,807	2,992,811
Unrealized Gains/Loss	1,985,001	11,261,705
Withdrawals		
Annual Payout	(1,850,000)	(1,850,000)
Advancement Alloc (0.75% Levy)		
Comp. Fundraising Campaign	(164,957)	(164,957)
	(2,014,957)	(2,014,957)
Expenses		
Custodial/Performance Mgmt	(124,471)	(74,938)
Investment Management	(92,768)	(119,904)
	(217,239)	(194,841)
Assets Under Admin - Ending	209,764,143	222,122,408

Asset Allocation and Compliance – St FX Endowment Funds

Benchmark Portfolio



Actual Asset Mix



Asset Class	Range	Actual	Target	Compliant
Short Term	0 - 15%	0.2%	0.0%	Yes
Canadian Bonds	5 - 20%	6.6%	10.0%	Yes
Canadian Mortgages	0 - 10%	3.8%	5.0%	Yes
Canadian Real Estate	0 - 10%	4.8%	5.0%	Yes
Infrastructure	0 - 10%	6.9%	5.0%	Yes
Canadian Equity	25 - 45%	35.2%	35.0%	Yes
Foreign Equity	30 - 50%	42.6%	40.0%	Yes
US Equity	10 - 30%	22.9%	20.0%	Yes
International Equity	10 - 30%	15.3%	15.0%	Yes
Emerging Markets Equity	0 - 15%	4.3%	5.0%	Yes

Performance Measurement – St FX Endowment Fund

The following performance objectives have been established for the benchmark portfolio:

- to achieve, with a high degree of consistency, a rate of return at least equal to the rate of inflation over both short-term and long-time periods;
- to achieve, with reasonable consistency, a real rate of return at least 2.75% after expenses and a nominal return of 5.0% after expenses, as calculated on an annualized basis and over moving four-year time periods.

Performance Summary

	Market Value	MRQ	Rk	YTD	Rk	Annualized Performance			
						1 Year	Rk	4 Year	Rk
Total Fund¹	\$223,696,758	6.7	31	15.5	31	23.6	62	12.3	1
Custom Benchmark ²		6.6	31	15.2	47	23.7	62	10.5	39
Value Added ³		0.1		0.3		(0.1)		1.8	
Canadian CPI ⁴		0.0		0.0		2.0		4.2	
Median		6.4		14.9		25.0		10.3	

1 Total Fund Market Value includes Cash & Short Term

2 Custom Benchmark: 35% S&P/TSX Composite Index, 15% FTSE Canada Universe Bonds, 5% Realpac/IPD Property Fund Index (lag), 5% CPI + 5%, 20% S&P 500 (C\$) Index, 15% MSCI EAFE (C\$) Index and 5% MSCI EM (C\$) Index

Custom Benchmark up to April 1, 2020: 40% S&P/TSX Composite Index, 15% FTSE Canada Universe Bond, 5% Realpac/IPD Property Fund Index (lag) and 40% MSCI World (C\$) Index.

Custom Benchmark up to December 31, 2019: 40% S&P/TSX Composite Index, 20% FTSE Canada Universe Bond and 40% MSCI World (C\$)

Custom Benchmark up to August 31, 2019: 40% S&P/TSX Composite Index, 15% FTSE Canada Universe Bond and 45% MSCI World (C\$)

Custom Benchmark up to November 30, 2018: 70% S&P/TSX Composite Index, 15% FTSE Canada Universe Bond and 15% MSCI World (C\$)

Custom Benchmark up to June 30, 2015: 100% S&P/TSX Composite Index

3 All calculations are performed on unrounded figures. Rounding issues may arise

4 Canadian CPI is lagged one month

- The Total Fund return for Q3 2024 was 6.7%, 0.1% ahead of its custom benchmark, ranking second quartile within the peer universe median.

Performance Measurement – Fund Managers

Performance Summary						Annualized Performance			
Total Portfolio	Market Value*	MRQ	Rk	YTD	Rk	1 Year	Rk	4 Year	Rk
Canadian Bonds	\$ 14,797,319	4.7	79	4.3	93	13.0	86	(0.9)	98
TDAM Bonds	\$ 14,797,319	4.7	79	4.3	93	13.0	86	(0.9)	98
FTSE Canada Universe Bond		4.7	81	4.3	98	12.9	91	(0.9)	100
Canadian Mortgages	\$ 8,528,831	3.1	56	6.3	23	10.4	34	4.6	23
TD Greystone Mortgages	\$ 8,528,831	3.1	56	6.3	23	10.4	34	4.6	23
FTSE Canada Universe Bond		4.7	1	4.3	100	12.9	1	(0.9)	100
Canadian Real Estate	\$ 10,629,418	0.0	50	1.5	34	(1.9)	50	8.7	1
Crestpoint Core Plus Real Estate ¹	\$ 10,629,418	0.0	50	0.0	34	(1.9)	50	8.7	1
IPD Property Index		0.7	50	(0.3)	50	0.2	1	2.7	100
Infrastructure	\$ 15,340,622	3.1		3.9		6.8		10.5	
IFM Investors	\$ 15,340,622	3.1		3.9		6.8		10.5	
CPI + 5.0%		1.4		5.7		7.1		9.5	
Canadian Equity	\$ 78,766,532	11.2	10	16.8	45	27.0	32	15.7	34
CI Canadian Equity	\$ 39,625,511	10.6	23	15.3	73	25.1	56	18.6	13
TDAM Canadian Equity	\$ 38,398,156	11.9	4	18.4	25	29.1	12	12.9	89
Xaverian Capital	\$ 742,837	7.8	90	13.0	98	22.3	89	12.8	91
S&P/TSX Composite		10.5	28	17.2	38	26.7	33	13.9	72
US Equity*	\$ 51,307,717	4.5	55	25.0	32	36.2	23	16.5	32
BlackRock US Equity	\$ 51,286,087	4.5	55	25.0	32	36.2	23	16.5	32
S&P 500 (C\$)		4.5	52	25.1	29	36.2	23	16.5	32
International Equity	\$ 34,310,139	5.9	55	15.9	53	24.8	60	10.7	32
BlackRock International Equity	\$ 34,310,139	5.9	55	15.9	53	24.8	60	10.7	32
MSCI EAFE (C\$)		5.9	55	15.8	53	24.7	64	10.5	39
Emerging Markets Equity	\$ 9,579,550	7.0	29	19.1	44	24.9	51	4.5	68
BlackRock Emerging Markets Equity	\$ 9,579,550	7.0	29	19.1	44	24.9	51	4.5	68
MSCI EM (C\$)		7.3	26	19.7	36	26.0	42	4.9	63

*May not sum due to securities being held in custodial cash account

¹ Q3 statement not yet available

Performance Measurement – Fund Managers

- Government of Canada yields fell significantly during Q3 resulting in strong returns of 4.7% for Canadian bonds during the quarter. The TD Greystone Mortgage Fund returned 3.1% during the quarter underperforming Canadian Bonds due to its shorter duration. While the Mortgage Fund has lagged its benchmark over the past year, it has added significant value over the 4-year trailing period ranking first quartile in its peer universe.
- The Fund's Canadian Equity managers returned 11.2% in Q3, outperforming the S&P/TSX Composite Index by 0.7%. Canadian equity has added value and outperformed its peers over the 1 and 4-year trailing periods.
 - CI Institutional returned 10.6% in Q3, in-line with its benchmark while ranking first quartile in its peer universe. CI has been a strong performer in recent years, outperforming its benchmark by 4.7% and ranking top quartile over the 4-year trailing period.
 - TD's Low Volatility Canadian Equity Fund returned 11.9% in Q3, outperforming its benchmark by 1.4% and ranking top decile during the quarter in its peer universe. After a difficult Q1, the Fund has rebounded and is now ahead of its benchmark year-to-date. Low volatility was out of favor during the bull rally of 2023 which has led to the Fund being slightly behind its benchmark over the 4 and 7-year trailing periods, as to be expected for this type of strategy during a period of elevated returns. Risk adjusted returns remain strong due to the reduced volatility the Fund provides.
- The Fund's U.S. Equity, International Equity, and Emerging Markets Equity portfolios returned 4.5%, 5.9%, and 7.0% respectively in the third quarter. All three funds are passively managed by BlackRock.
- The Crestpoint Q3 statement was not available at the time this report was prepared. Crestpoint has produced positive returns year-to-date (as at Q2 2024) as the real estate market begins to stabilize. Despite the difficult market environment over the past two years, Crestpoint has still produced a 8.7% return over the 4-year trailing period and was the top performing Canadian Real Estate manager. Infrastructure manager IFM produced a return of 3.1% in Q3. IFM returns have been below expectations YTD and over the 1-year trailing period, but the 4-year return remains in double digits and the manager continues to guide clients to expect an 8% to 12% return annually.