



FOR INFORMATION

PUBLIC

OPEN SESSION

TO: Business Board

SPONSOR: Sheila Brown, Chief Financial Officer
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DATE: April 20, 2021 for April 27, 2021

AGENDA ITEM: 3

ITEM IDENTIFICATION:

University of Toronto Asset Management Corporation Annual Report 2020, for the calendar year ended December 31, 2020

JURISDICTIONAL INFORMATION:

Pursuant to Section 5.1 (b) of the Business Board *Terms of Reference*, the Business Board has responsibility for reviewing regular reports on matters affecting the finances of the University and on financial programs and transactions. The Business Board accepts annual reports and financial statements for incorporated ancillaries.

GOVERNANCE PATH:

1. Business Board [for information] (April 27, 2021)

PREVIOUS ACTION TAKEN:

The 2020 financial statements were approved by the UTAM Board at its meeting of March 15, 2021.

HIGHLIGHTS:

The University of Toronto is responsible for investment of university funds and for investment of the assets of the registered pension plan. University funds are invested primarily through two unitized investment pools: the long-term capital appreciation pool (“LTCAP”) and the expendable funds investment pool (“EFIP”). The assets of the registered pension plan are invested in the unitized pension master trust (“PMT”).

LTCAP, EFIP and PMT, together with a small number of specifically invested funds, are invested on behalf of the University by the University of Toronto Asset Management Corporation (“UTAM”).

UTAM, which was formed in April 2000, is a separate non-share capital corporation controlled (effectively owned) by its only member, the University of Toronto. UTAM is registered with the Ontario Securities Commission in the categories of Portfolio Manager and Investment Fund Manager. Its primary mandate is to manage, or see to the management of, the investment funds that are delegated to it by the University of Toronto. Its annual report and audited financial statements reflect its January 1st to December 31st fiscal year, which is typical in the investment industry.

Investment Performance

The University has established investment targets for UTAM for the PMT and for LTCAP (which includes endowments) at an investment return of 4.0% plus the increase in CPI, net of fees and expenses, over ten year periods. For the year ending December 31, 2020, the target nominal investment return (including CPI) net of fees and expenses was 4.7% (2019: 6.2%). The actual nominal investment return for the year was 11.7% (2019: 13.0%) for PMT and 11.6% (2019: 12.9%) for LTCAP. The actual nominal investment return for the Reference Portfolio was 11.8% (2019: 15.8%). (Note that the Reference Portfolio is a theoretical portfolio that assumes a traditional 60%/40% equity/fixed income asset allocation and does not include any allocation to alternative assets or strategies).

The actual PMT return earned by UTAM was lower than the Reference Portfolio return by 0.02% (11.74% - 11.76%) but exceeded the target return by 7.1% (11.7% minus 4.7%). For LTCAP, the actual return earned by UTAM was lower than the Reference Portfolio return by 0.17% (11.59% minus 11.76%) but exceeded the target return by 6.9% (11.6% minus 4.7%). Over the last 10 years, the Pension and Endowment portfolios outperformed their target returns by 3.1% and 3.2% respectively. They also outperformed the Reference Portfolio by 1.0% and 1.1% respectively, adding a total of over \$500 million in additional value compared to a passive investment approach.

The actual return for the Expendable Funds Investment Pool (EFIP) in 2020 was 3.9%, which exceeded the target return of 3.4% by 0.5%. Over the last 10 years, the actual return in EFIP has exceeded the target return by 0.25%.

Responsible Investing

As noted in the annual report, UTAM made significant progress in its goal to reduce the carbon footprint of the Pension and Endowment portfolios by 40% from 2017 levels by the end of 2030. As of December 31, 2020, the carbon footprint of the portfolios (carbon emissions per million dollars invested) was 37.0% lower than in 2017, and the absolute level of carbon emissions was 21.1% lower. Given that we have almost reached our goal, UTAM and the university are considering possible changes to the target for Endowment. (Any change for the Pension portfolio would be decided by the new University Pension Plan).

In 2020, we participated in the third annual assessment of our responsible investing approach by the PRI, the world's leading proponent of responsible investment. We received A+ marks in all six categories that the PRI evaluated, scoring above the median in each. Other highlights in 2020 included being nominated by the International Corporate Governance Network (ICGN) for its Global Stewardship Disclosure Award, and being selected by *Canadian Investment Review* as one of three finalists for its Pension Leadership Award in the category of Sustainable Investing.

We will share more information on our responsible investing activities in our annual responsible investing report, which we expect to publish in the fall.

Financial Statements

The financial statements of UTAM reflect its status as noted above and have been prepared to assist UTAM to meet the requirements of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* based on the financial reporting framework specified in subsection 3.2(3)(a) of national Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* for financial statements delivered by registrants. Beginning with the year ended December 31, 2011, they have been prepared in accordance with International Financial Reporting Standards (IFRS) as required by the regulators. As a result, they may not be suitable for other purposes.

FINANCIAL IMPLICATIONS:

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RECOMMENDATION:

For information.

DOCUMENTATION PROVIDED:

- *University of Toronto Asset Management Corporation Annual Report, 2020, which includes the Auditor's Report and Audited Financial Statements and Notes.*

NEXT

How we invest for the long term,
building on our core strengths

**WE'VE BUILT A
STRONG FOUNDATION
FOR WHAT COMES
NEXT.**

For more than 20 years, UTAM has managed the University of Toronto's Pension, Endowment and short-term financial assets on behalf of the stakeholders of this globally respected centre of learning and research. Guided by a strong vision and clearly defined values, UTAM has developed a combination of strengths, which are the focus of this year's annual report.

Like the great university whose excellence we work to sustain, UTAM is focused on the long term, guided by strategies designed to stand the test of time. Our constantly evolving capabilities – from our deep experience in managing university assets, to our rigorous investment and risk management processes, to our leadership in responsible investing – have fuelled our progress over the past two decades. And they provide a solid foundation as we evaluate and act upon the opportunities that come next.



Message from the Chair

THREE DIMENSIONS OF RESILIENCE

The world was confronted by an extraordinary challenge in 2020, as the most severe pandemic in a century triggered a public health emergency on a scale we'd never seen before. The economic crisis that followed had drastic impacts on individual livelihoods, on businesses large and small, and on entire sectors. And it naturally caused deep concern among investors as well.

For UTAM, like most organizations, the initial challenge was operational: once health and safety measures were in place, everyone had to adapt quickly to new ways of working while taking steps to ensure business continuity. At the same time, the investment team, as stewards of the University of Toronto's Pension, Endowment and short-term working capital assets, was obliged to constantly reassess a global economy disrupted and destabilized by the coronavirus. The fact that overall performance for the year remained strong is a testament to the resilience of our organization, our portfolios and, above all, our people.

Built for resilience

As a Canadian leader in university asset management, UTAM has always been focused, like the institution we serve, on sustaining long-term growth. Over the past 20 years, we've developed increasingly sophisticated investment processes and systems, supported by rigorous data analysis and disciplined risk management. So while the economic impact of COVID-19 was unlike anything we'd previously encountered, our organization was well prepared to address it.

Similarly, the investment strategies UTAM executes through carefully selected managers are designed to promote stability through periods of change, as we weather both short-term market fluctuations and broader cycles in the global economy. The volatility we witnessed in the early stages of the pandemic was worrisome for investors, but the subsequent recovery of global markets was reflected in UTAM's diversified, well-balanced portfolios.

Lastly and most fundamentally, our success in navigating the pandemic speaks to the skills and commitment of UTAM's people. As everyone shifted to working remotely, the transition was seamless; investment operations continued without any interruptions. On behalf of the Board, I want to thank the entire UTAM team for showing such flexibility and resolve in difficult circumstances. Their readiness to step up, while nimbly balancing personal and professional responsibilities, was inspiring to see – and it strengthened UTAM's overall resilience.

Moving forward with confidence

As this annual report goes to press, vaccination programs are being rolled out around the globe and economic indicators point to an accelerating, if uneven, recovery through the rest of 2021 and beyond. UTAM, as a mirror of the broader economy, will benefit from this momentum – and indeed has never stopped moving forward. Over the past year, Chief Operating Officer Lisa Becker and her team have been building out the systems platform that supports our investment activities. It's one more example of UTAM's commitment to continuous improvement as a world-class university asset manager.

On July 1, 2021, management of the Pension portfolio will shift to the University Pension Plan (UPP), a new entity jointly sponsored by the University of Toronto and two other Ontario universities. UTAM has been working with the UPP's recently formed

management team to facilitate the transition, leveraging our expertise and experience in university asset management.

UTAM continues to play a leadership role in responsible investing. As more and more institutional investors consider environmental, social and governance (ESG) factors in their analysis and decision-making, the enterprises they invest in are undergoing a similar realignment of priorities. Successfully transitioning to a low-carbon economy is no longer just a worthy aspiration; it's a business imperative. As UTAM helps set the standards for investing responsibly in a sustainable future, our own portfolios will only gain more resilience.

The value of collaboration

During the past year, it was clearer than ever how much UTAM's success depends on close collaboration among our key partners. In the early stages of the pandemic, I met regularly with Daren Smith, UTAM's President and Chief Investment Officer, and the Co-Chairs of the university's external Investment Committee, David Denison and Geoff Matus, to identify emerging issues and agree on the best strategic responses. The Board is grateful to David, Geoff and the Committee's other volunteer members for generously devoting their time and expert counsel to helping us wrestle with a highly unusual situation.

In closing, let me reinforce our appreciation for the efforts of the whole UTAM team under Daren Smith's continued strong leadership. Their perseverance enabled U of T's senior administrators, with whom Daren and his colleagues have been in constant contact throughout the pandemic, to reassure our wider stakeholder community that the university's financial foundation remains secure.

Lastly, I'd like to thank my fellow Board members for their invaluable knowledge, insights and advice. It was a challenging year, and the path forward is not free of uncertainty. But we're confident that UTAM has the infrastructure, the investment expertise, the innovative spirit – and the resilience – to thrive in the recovery ahead and continue delivering sustainable long-term growth.

Richard B. Nunn FCA, ICD.D
Chair, UTAM Board of Directors



Message from the President and CIO

BUILDING ON OUR STRENGTHS

The coronavirus pandemic struck just as we were finalizing UTAM's 2019 annual report. At that point it was impossible to predict the full impact of such a large-scale public health crisis and the resulting disruption of the global economy. A year on, we're all too aware of the staggering social and economic costs of COVID-19. But as the world now shifts from crisis to recovery, the reassurance I offered to stakeholders in my last message remains just as valid today: "UTAM has the strength, stability and adaptability to withstand the shock of a major downturn.... And we can mitigate its impact by adhering to an investment strategy focused on, and designed for, the long term."

It's this long-term perspective that enables us to continue building on UTAM's strengths and, as the title of this year's report suggests, keep our sights set on what comes next.

Adapting to a changed world

For UTAM, as for most organizations, the initial response to COVID-19 was to keep everyone healthy and safe by working remotely. In our case, the entire team was able to make a quick, smooth transition – and we expect to continue working from home for some time. I want to thank everyone at UTAM for adapting so well to this new way of working, and for helping maintain our trademark rigour, focus and dedication to excellence through a challenging time. Some of our team members share their personal perspectives on the year throughout this annual report.

As for the pandemic's impact on our investment activities, while we certainly had to apply a new lens in our analysis and decision-making – especially during the early months, which saw significant market fluctuations – overall, the economic uncertainty of the past year simply underscores the value of UTAM's measured, strategic approach to managing the University of Toronto's Pension, Endowment and short-term working capital funds. We were able to stay the course, remaining vigilant in monitoring a fast-changing environment, but confident in the resilience of our portfolios.

We've built this solid foundation through more than 20 years of experience in exclusively managing university assets. The core strengths that define UTAM are detailed in the following pages, including our comprehensive approach to responsible investing, our sophisticated investment process, our systematic management of risk and our cohesive, multitalented team. These differentiating strengths enable our organization to deliver consistent strong performance over time – and we're pleased to have sustained that record even through such a difficult year.

Realizing the value of resilience

In 2020, the Pension and Endowment portfolios delivered returns of 11.7% and 11.6% respectively (net of all fees and expenses), matching the Reference Portfolio return in Pension and underperforming the Reference Portfolio return in Endowment by 0.2%.

UTAM's long-term performance remains strong. The Pension and Endowment portfolios have each generated annualized net returns of 8.4% in the past five years. Over 10 years, annual returns have averaged 8.7% for the Pension portfolio and 8.8% for the Endowment portfolio. All of these results exceeded the Reference Portfolio benchmark and the university's target return for the same periods. Since 2011, annual value added from the Pension and

Endowment has averaged 1.0% and 1.1% respectively compared to the benchmark – a cumulative gain for the combined portfolios of more than \$500 million.

That the portfolios have showed such resilience even during a global pandemic reinforces our confidence that they will continue to perform well, extending the growth trajectory UTAM has sustained for more than two decades.

Investing for a sustainable future

UTAM's commitment to responsible investing has matured to the point where a careful consideration of environmental, social and governance (ESG) factors is integral to our investment process. Over the past year, we expanded our collaborations with other institutional investors, sharing information and best practices through a variety of highly regarded organizations and initiatives. On behalf of the University of Toronto, UTAM seeks opportunities to play a leadership role on issues that we know are vitally important to our stakeholders, as they are to us.

While the pandemic has understandably dominated the public conversation over the past year, the need for action on climate change has only gained urgency. There are encouraging signs that efforts to facilitate the economic recovery, whether through government stimulus spending or private-sector investment, will increasingly focus on the transition to a lower-carbon economy. To that end, UTAM committed in early 2020 to reduce the footprint of equity and equity-like investments in the Pension and Endowment portfolios by at least 40% compared to 2017 levels by the end of 2030. Our decarbonization of the portfolios is well on track. As of December 31, 2020, the carbon footprint of the portfolios (carbon emissions per million dollars invested) was 37.0% lower than in 2017, and the absolute level of carbon emissions in the Pension portfolio was 21.1% lower. Given that we have almost reached our goal, UTAM and the university are considering possible changes to the target for Endowment. (Any change for the Pension portfolio would be decided by the new University Pension Plan, discussed on the next page.)

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Continued from page 05

Building a stronger platform

Over the past year, we also further strengthened UTAM's investment capabilities and systems. We've added several high-calibre people to our investment team, deepening our technical expertise and broadening our analytical scope. And under the capable direction of Lisa Becker, our Chief Operating Officer, we're in the process of transitioning to a best-in-class investment processing and accounting system that will significantly enhance the effectiveness and efficiency of our investment operations activities.

UTAM's judicious investments in people and operating infrastructure reflect our dedication to continuous improvement. We want to ensure we're always positioned to respond quickly – and anticipate further change – in a constantly evolving investment environment. The next key milestone in that evolution is July 1, 2021, when oversight of the Pension portfolio will be formally assumed by the University Pension Plan (UPP), a new entity jointly sponsored by the University of Toronto, Queen's University and the University of Guelph. We are assisting the UPP board of trustees and management team with the transition.

Beginning the next chapter

Whatever changes may lie ahead, we remain focused on UTAM's vision: *to be one of the world's leading university investment managers*. Anchored by our values and guided by our mission, we'll continue to manage the assets entrusted to us as we help a globally significant academic institution achieve *its* vision.

In closing, I want to thank the University of Toronto's Investment Committee, led by Co-Chairs David Denison and Geoff Matus, for their continuing commitment and the expert advice they provide to UTAM and the university administration. On behalf of the management team, let me also express our appreciation to the university's senior leadership, notably U of T President Meric Gertler and Chief Financial Officer Sheila Brown, who work closely with us to ensure UTAM's investment activities align with strategic objectives of the university. Our heartfelt thanks as well to the other members of UTAM's Board of Directors, led by Chair Richard Nunn, whose insights and wise counsel are invaluable.

Lastly, let me underline my gratitude to everyone on the UTAM team for their dedication, flexibility and resolve during a year that challenged all of us. While there's still some uncertainty ahead, the worst of the pandemic appears to have passed and all signs point to a steady, if uneven, recovery through the balance of 2021 and beyond. As I hope this report makes clear, the portfolios UTAM manages are well positioned to benefit from that recovery, as we leverage our proven experience to identify and pursue the best investment opportunities for the long term.

We're ready for what comes next.



Daren M. Smith CFA
President and Chief Investment Officer

VISION

To be one of the world's leading university investment managers.

MISSION

To produce strong investment results over the long term, advancing the University of Toronto's goals for its portfolios through skilled investment management, leadership in responsible investing and prudent risk management.

VALUES

Excellence

- Strive to be the best, continuously learning and improving.
- Set high expectations and achieve ambitious goals.
- Exemplify and advance best practices in investment management.

Integrity

- Always do the right thing.
- Report transparently on our activities and results.
- Meet our commitments and be accountable for our actions.

Collaboration

- Operate as a cohesive team in an open, creative, high-performance culture.
- Work closely with the university, serving as a trusted partner.
- Partner with investment managers, service providers and others to our mutual benefit.

Equity

- Treat people of all identities, talents and perspectives equitably.
- Promote and actively foster diversity and inclusion.
- Respect, value and embrace the power of difference.

Sustainability

- Invest responsibly, applying an ESG lens and guided by a clear set of principles.
- Pursue and promote sustainability in how we invest and how we operate.
- Consider the long-term impact of every decision.

2020 HIGHLIGHTS

INVESTMENT RETURNS

Pension 2020

11.7%

Endowment 2020

11.6%

Pension 10-year

8.7%

Endowment 10-year

8.8%

UTAM VALUE ADDED

Pension 10-year

\$320 million

1.0% annualized outperformance

Endowment 10-year

\$211 million

1.1% annualized outperformance

Pension + Endowment 10-year

\$531 million

TOTAL ASSETS UNDER MANAGEMENT

Pension

\$6.3
billion

Endowment

\$3.7
billion

EFIP

\$3.1
billion

at December 31, 2020

\$13.0 billion

at December 31, 2019

\$11.4 billion

Year-over-year increase

14.4%

2020 HIGHLIGHTS

cont'd

PRI

UTAM became a signatory to the United Nations–supported Principles for Responsible Investment, the world’s leading proponent of responsible investment, in 2016. We have committed to following the PRI’s six responsible investing principles and to participating in an annual evaluation of our implementation of responsible investing. The scores on this page are from our latest assessment in 2020.

A+

Strategy & Governance
Median Score – **A**

Manager Selection, Appointment & Monitoring

A+

Listed Equity
Median Score – **A**

A+

Fixed Income – Corporate
Non-Financial
Median Score – **A**

A+

Fixed Income – Supranational,
Sub-Sovereign and Agency
Median Score – **B**

A+

Private Equity
Median Score – **A**

Active Ownership

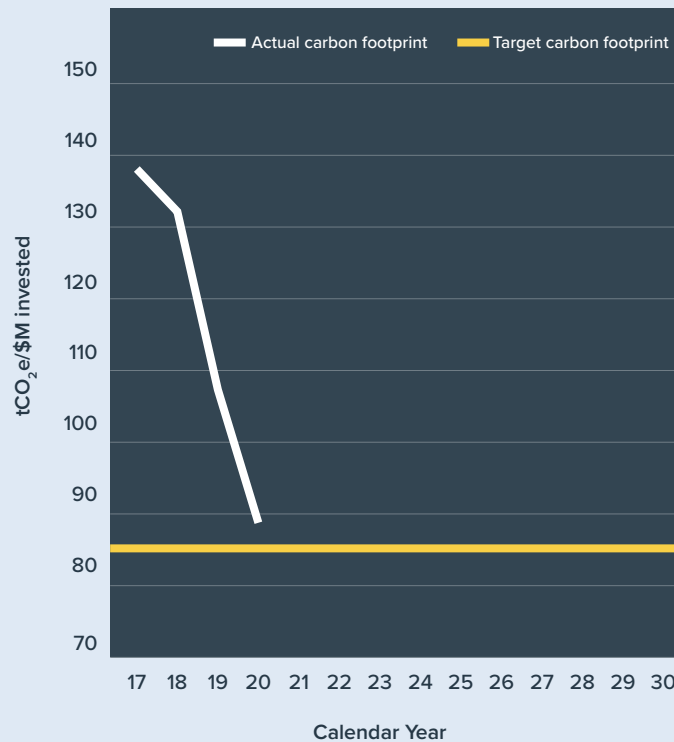
A+

Listed Equity
Median Score – **B**

University of Toronto
Asset Management Corporation

40% CARBON FOOTPRINT REDUCTION TARGET

In early 2020, UTAM committed to reducing the carbon footprint of the Pension and Endowment investment portfolios **by 40%** from 2017 levels by the end of 2030. The Pension portfolio’s 2020 footprint of 87.7 tonnes of carbon dioxide equivalent per million dollars invested (tCO₂e/\$M) represents a 37.0% cumulative reduction since 2017, which puts us well ahead of schedule to achieve the 40% reduction target by 2030. (The carbon footprint of the Endowment portfolio is substantially similar.) Importantly, the absolute carbon emissions of the Pension portfolio are 21.1% lower than 2017 levels.



RECOGNITION



In June, UTAM was added to the Institutional Limited Partners Association (ILPA) ESG Roadmap and Resources, a compilation of best practices that limited partners can consider implementing to advance environmental, social and governance (ESG) investing efforts at their organizations.



In August, UTAM was shortlisted for an International Corporate Governance Network (ICGN) Global Stewardship Disclosure Award. This award recognizes investors whose public disclosures provide genuine insight into their stewardship policies and how they have been implemented, and whose approach to transparency and reporting provides a model that others might follow.



In October, UTAM was honoured to be one of the three finalists for *Canadian Investment Review*’s first Pension Leadership Awards in the category of Sustainable Investing. The awards celebrate pension plan sponsors and pension investors who work hard to ensure strong investment outcomes.

EXCLUSIVELY FOCUSED ON MANAGING UNIVERSITY ASSETS

UTAM WAS BUILT BY A UNIVERSITY FOR A UNIVERSITY

- We manage only the University of Toronto's assets, serving the unique needs of this globally respected institution and its stakeholders.
- We understand a university's complex governance structures, having spent two decades successfully working within them. We share U of T's values and appreciate the issues that shape its long-term outlook.
- As we strategically invest the university's assets, UTAM takes a prudent and disciplined management approach, working to generate strong risk-adjusted returns while adhering to all agreed policy constraints and guidelines.
- We know the value of clear, detailed and timely communications. We strive to provide reporting that is transparent and readily accessible to non-specialist audiences; we use straightforward language to explain who we are, what we do and how we do it.
- UTAM's pursuit of excellence on behalf of our sole client and its stakeholders is summed up in our vision: *To be one of the world's leading university investment managers.*





OUR PEOPLE

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What I like about being part of UTAM is that we help one of the world’s great universities continue to lead in research and academic excellence.

ANGELA LIANG, Associate, Fixed Income, has been a member of the UTAM team since assuming her role virtually in May 2020. With experience in China, the U.S. and Canada, Angela brings a global perspective to her detailed investment analysis – and looks forward to meeting her colleagues in person very soon.

EXPERTLY MANAGING THE ASSETS ENTRUSTED TO US

In working to deliver sustainable value to the University of Toronto and its stakeholders, UTAM does not simply make investments and monitor the returns. We constantly broaden and deepen our capabilities while enhancing our investment processes and systems. We invest with discipline and transparency, measuring our performance against the highest standards. And as we build and protect the assets entrusted to us, we look beyond short-lived market fluctuations to focus on the long term.

Our efforts reinforce the financial foundation that allows Canada’s largest university to achieve its goals. Together, we help ensure that U of T’s Endowment maintains its purchasing power over time, reliably distributing funds to support thousands of beneficiaries each year. Equally important, we help provide a secure retirement for thousands of employees who contributed to teaching, research and operations at one of the world’s leading universities.

Established as a separate corporation by the University of Toronto in 2000, UTAM invests funds according to objectives and guidelines set by the university’s administration and the Investment Committee, as well as U of T’s Business Board and Pension Committee. In fulfilling this mandate, we don’t typically make direct investments in traded securities. Rather, UTAM follows what is known in the investment industry as a manager of managers approach. We select investment managers that we believe are best in class using an assessment process framed by our commitment to responsible investing. We then evaluate their performance against our risk and return expectations, taking into account the market environment.

UTAM focuses exclusively on investing university-owned assets. We manage three distinct portfolios: Pension, Endowment and short-term working capital.

ASSETS UNDER MANAGEMENT

Pension

The assets of the university’s employee pension plan comprise what is officially called the University of Toronto Master Trust. Changes in the value of this portfolio reflect employer and employee contributions, pension payments to retirees and investment gains/losses. At the end of 2020, pension assets totalled **\$6.3 billion**, up from **\$5.6 billion** at the end of 2019.

Endowment

Known formally as the Long-Term Capital Appreciation Pool, the Endowment portfolio (as we refer to it throughout this annual report) consists primarily of certain Endowment assets but also includes other funds invested for the long term. The size of this portfolio changes in value with contributions, investment gains/losses and withdrawals to fund Endowment projects. At the end of 2020, the assets in this pool had a value of **\$3.7 billion**, up from **\$3.2 billion** at the end of 2019.

Short-term working capital

Expendable university funds that can be invested over the short to medium term make up the Expendable Funds Investment Pool (EFIP). Principally comprising the university’s working capital, EFIP assets can fluctuate significantly in the course of a year. Factors that affect these fluctuations include student tuition fees, staff and faculty salaries, facilities maintenance costs, government grants and investment gains/losses. At the end of 2020, EFIP was valued at **\$3.1 billion**, up from **\$2.5 billion** at the end of 2019.

Pension

2020: \$6.3 billion

2019: \$5.6 billion



Endowment

2020: \$3.7 billion

2019: \$3.2 billion



Short-term working capital

2020: \$3.1 billion

2019: \$2.5 billion



OVER 20 YEARS OF INVESTMENT MANAGEMENT EXPERIENCE

WE'RE A WELL-ESTABLISHED PROFESSIONAL INVESTMENT FIRM

- UTAM's leadership team brings a wealth of relevant experience and deep institutional memory to our evaluation of investment opportunities.
- Since our founding in 2000, UTAM's assets under management have grown from less than \$4 billion to more than \$13 billion. As our expertise has deepened, we've steadily enhanced our investment, risk management and operational processes.
- Responding to a constantly changing environment, we've learned what works and what doesn't – and we've applied those insights in building a sophisticated investment operation that manages multiple portfolios with varied objectives.
- Our internal governance structure and processes exemplify industry best practices. We're committed to transparency, accountability and respectful collaboration.
- Unique among our peers, we've been registered with the Ontario Securities Commission as a Portfolio Manager since 2005. We incorporate the requirements of securities legislation and regulations into our policies, processes and controls.
- UTAM never stands still. In our dedication to continuous improvement, we're constantly seeking ways to enhance and extend our capabilities.





OUR PEOPLE

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Our response to the pandemic has highlighted the resiliency of this organization, our people and the university we're here to support.

LISA BECKER, Chief Operating Officer and Chief Compliance Officer, began consulting to UTAM in 2004 and joined the executive team in 2010. Responsible for investment operations and all aspects of legal and compliance, as well as day-to-day operations, Lisa believes the most important test of an organization's values is how it treats people.

UTAM'S TIMELINE

The following timeline reflects significant events and milestones in UTAM's history; those relating to responsible investing are in **green type**.

2000

- University of Toronto Asset Management Corporation was formally established by the Governing Council of the University of Toronto

2005

- Registered with the Ontario Securities Commission

2008

- Daren Smith joined UTAM in November 2008
- **UTAM joined the Canadian Coalition for Good Governance (CCGG)**

2010

- The Investment Advisory Committee was formed to provide advice and guidance to UTAM management

2011

- Appointed first Chief Risk Officer

2012

- Implemented a comprehensive risk system
- UTAM adopted the Reference Portfolio for performance and risk benchmarking, as recommended by the Investment Advisory Committee

2013

- Introduced a performance attribution system framework to help analyze performance along a variety of dimensions

2016

- Daren Smith appointed President and Chief Investment Officer
- The expert external Investment Committee replaced the Investment Advisory Committee
- Relunched our website and annual report to enhance transparency and communications with stakeholders
- U of T's President, Meric Gertler, published [*Beyond Divestment: Taking Decisive Action on Climate Change*](#)
- Institutional Shareholder Services' Sustainability Policy implemented where possible for proxy voting
- Became a signatory to the Principles for Responsible Investment (PRI) on behalf of U of T's Endowment and Pension Plan
- Became a signatory to CDP (formerly known as the Carbon Disclosure Project)
- Joined the Responsible Investment Association (RIA)

2017

- Doug Chau, UTAM's CRO, joined the PRI's Asset Owner Technical Advisory Committee
- Lisa Becker, COO, joined the Investor Stewardship Committee of the Pension Investment Association of Canada (PIAC) (position now held by Lu Yao, Associate Portfolio Manager, Public Equities)
- Signed the Montréal Carbon Pledge
- Published our [Responsible Investing Policy](#)
- Published first annual [responsible investing report](#), covering 2016
- Joined Climate Action 100+



OUR PEOPLE

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With the shift to working remotely, there were a few obstacles to overcome. But we quickly got everyone supported, and the transition was seamless.

ZOHAIR AHMED, Director, Operations, has been at UTAM since 2018, overseeing our operational due diligence program and investment operations activities. Zohair had just come off parental leave with his newborn son when the pandemic hit, necessitating a shift to working from home (ideally without waking the baby).

UTAM'S TIMELINE

Continued from page 14

2018

- Assets under management exceeded \$10 billion for the first time
- Lisa Becker, COO, joined the board of the Responsible Investment Association (RIA)
- UTAM received four A+ scores and one A in our first PRI assessment
- Published the first [carbon footprint report](#) for the Pension and Endowment portfolios
- Joined the 30% Club Canada and its Investor Group
- Joined the Intentional Endowments Network (IEN)
- Became a member of the Standards Board for Alternative Investments (SBAI)
- Achieved carbon neutrality in our operating activities

2019

- Endowment assets exceeded \$3 billion for the first time
- Daren Smith joined the board of the Canadian Coalition for Good Governance
- Received five A+ scores and one A in our second PRI assessment
- Became a signatory of the Global Investor Statement to Governments on Climate Change

2020

- UTAM celebrates its 20th year of operations
- Added two professionals to our Investment team, bringing the total above 10 for the first time
- Selected and began implementation of SS&C's Advent Geneva, an industry-leading accounting system
- Joined the International Corporate Governance Network (ICGN) and endorsed the organization's Global Stewardship principles
- Published our second carbon footprint report for the Pension and Endowment portfolios and announced our goal to reduce their carbon footprint by 40% compared to 2017 levels by 2030
- Endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) on behalf of U of T – the first Canadian university to do so with respect to its Pension or Endowment funds
- Published our [2019–2020 Responsible Investing Report](#), including our inaugural disclosures in line with the TCFD recommendations
- Received the highest possible scores (A+) in our third PRI assessment, above median in all six categories
- Daren Smith is appointed Vice-Chair, Environmental & Social Committee, of the Canadian Coalition for Good Governance; in March 2021, he became the committee's Chair
- Signed the RIA's Investor Statement on Diversity & Inclusion
- Included in the Institutional Limited Partners Association (ILPA) ESG Roadmap and Resources, a compilation of best practices that limited partners can consider implementing to advance environmental, social and governance (ESG) investing efforts at their organizations
- Shortlisted for an International Corporate Governance Network (ICGN) 2020 Global Stewardship Award
- Finalist in the first Pension Leadership Awards sponsored by *Canadian Investment Review*, in the category of Sustainable Investing

A COMPREHENSIVE APPROACH TO RESPONSIBLE INVESTING



UTAM IS A RECOGNIZED LEADER IN RESPONSIBLE INVESTING

- Weighing the potential impacts of environmental, social and governance (ESG) factors is integral to our investment and risk management processes and applies to all assets under our management.
- Our commitment to responsible investing is driven from the top and extends across the organization. We consider ESG in our research and analysis, in our investment decision-making, in our reporting and disclosure practices, and in stewardship activities such as engagement, proxy voting and advocacy.
- In the latest evaluation of UTAM’s practices against the standards of the Principles for Responsible Investment (PRI), we achieved the highest possible mark (A+) in all six assessed categories, consistently scoring above the median relative to national and global peers.
- UTAM increasingly plays a leadership role in responsible investing, as we take on board and committee roles with respected organizations in this area and help to shape and develop best practices. By constantly evolving our own policies and processes, and by collaborating with other institutional investors, we also encourage better responsible investing practices among the companies we invest in.

OUR COMMITMENT TO RESPONSIBLE INVESTING

At UTAM, we integrate environmental, social and governance (ESG) factors into our investment decision-making, stewardship activities (engagement, proxy voting and advocacy), and reporting and disclosure. Our Responsible Investing Committee and all investment and risk management staff routinely consider ESG risks and opportunities.

UTAM'S formalized approach to responsible investing is consistent with our fiduciary duty and complements our overall investment strategy for the university's Pension, Endowment and short-term working capital assets. We pursue a responsible investing approach because we believe that material ESG factors can have a significant impact on investment returns. By integrating ESG considerations into our investment activities, we believe we can make better-informed decisions and ultimately achieve better outcomes for the portfolios we manage on behalf of the university.

Our annual [responsible investing reports](#) detail how we weigh material ESG factors in our investment decision-making processes. They are available on our website, along with our [carbon footprint reports](#), [Principles for Responsible Investment \(PRI\) reports](#), [Responsible Investing Policy](#) and updates on our responsible investing activities. Beginning with the 2019 portfolio carbon footprint results, we no longer publish separate carbon footprint reports; this information is now part of our responsible investing reports.

As our approach to responsible investing has evolved, we've assumed leadership roles in various responsible investment organizations, and we're helping to identify, shape and promote best practices. For example, our President and CIO, Daren Smith, is a board member of the Canadian Coalition for Good Governance, and he serves on its public policy committee and is Chair of its Environmental and Social Committee. Daren is also on the steering committee of the Intentional Endowments Network (IEN). Our Chief Risk Officer, Doug Chau, is a member of the Principles for Responsible Investment (PRI) Asset Owner Technical Advisory Committee, which provides advice, tools and support to asset owners implementing the principles. And our Chief Operating Officer, Lisa Becker, is a board member and executive committee member of the

Responsible Investment Association. She is also a member and former chair of its Governance Policy Committee and now chairs its Finance & Audit Committee.

While we've always incorporated a degree of ESG analysis into our investment decision-making, we've taken an increasingly sophisticated and holistic approach to ESG integration since 2016. Notable ESG-related activities in 2020 are included in our timeline on page 14.

OUR THIRD PRI SCORECARD

UTAM is a signatory to the Principles for Responsible Investment (PRI), the world's leading proponent of responsible investment. In 2020, we participated in our third annual PRI assessment, which evaluated our progress in implementing responsible investing practices over time, across asset classes and in comparison to peers at the national and global levels.

We are pleased to report that we received the highest mark possible (A+) across all six categories for our responsible investing activities in managing U of T's Pension and Endowment assets, and once again we scored higher than the median PRI signatory in all applicable categories. For more information, view our [Assessment Reports](#).



OUR PEOPLE

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I'm passionate about responsible investing and have been really happy to join UTAM, where it's a priority and is incorporated into everything we do.

LU YAO, Associate Portfolio Manager, Public Equities, came to UTAM in 2020 with more than a decade of experience in manager selection. A long-time champion of investing with an ESG lens, Lu helps advance our leadership in responsible investing – and appreciates having more time with her son when she's working from home.

PENSION AND ENDOWMENT'S CARBON FOOTPRINT

In September 2017, UTAM joined more than 120 global investors – collectively responsible for over US\$10 trillion in assets under management – in signing the Montréal Carbon Pledge. Aligned with the Paris Agreement on climate change, the pledge reinforces our commitment to measure and disclose the carbon footprints of the university's Pension and Endowment portfolios.

In our 2019 Carbon Footprint Report, we announced an ambitious goal of reducing the carbon footprint of the Pension and Endowment portfolios by 40% compared to 2017 levels by 2030, measured by tonnes of CO₂ equivalent per million dollars invested (tCO₂e/\$M). Our analysis for the Pension portfolio's carbon footprint includes public equities, private equity, private real estate and private infrastructure investments. (The Endowment portfolio has an identical investment mandate, and we manage it the same way, so its carbon footprint is substantially similar.)

The 2020 carbon footprint was 87.7 tCO₂e/\$M, which represents a 37.0% decrease from the 2017 level of 139.2 and puts us close to our reduction target of 40% by 2030. Importantly, absolute carbon emissions in the Pension portfolio at the end of 2020 were 21.1% lower than 2017 levels. We are pleased with these results and expect to continue lowering the carbon footprint and absolute emissions in the years to come.

CLIMATE ACTION 100+

In 2017, UTAM, on behalf of the University of Toronto, became a founding participant in Climate Action 100+, now the largest-ever investor engagement initiative on climate change, with 575 investor signatories representing US\$54 trillion in assets under management. The initiative focuses on engagement with 167 companies that have significant greenhouse gas emissions and/or are critical to the net-zero emissions transition and to meeting the objectives of the Paris Agreement. We have seen great progress since the initiative was launched, with a number of focus companies making public and private commitments that align with the initiative's objectives.

UTAM has joined other investors in engagement activities with five of the companies. In 2020, the following made climate-related commitments:

ConocoPhillips, one of the world's largest independent exploration and production companies, committed to achieving net-zero operational emissions by 2050.

Delta Air Lines announced a commitment to become carbon neutral and to offset all of its emissions starting in March 2020. Delta has committed US\$1 billion towards meeting these goals.

Teck Resources Limited, Canada's largest diversified mining company, committed to net-zero emissions (Scopes 1 and 2) in its own operations by 2050, and it announced a carbon intensity reduction target of 33% by 2030. Teck also withdrew its application for a US\$15-billion Alberta oil sands project, citing climate and environmental concerns.

OUR OPERATIONS ARE CARBON NEUTRAL

UTAM as a corporation is now substantially carbon neutral. In 2020, we continued our program of purchasing carbon offsets to mitigate the carbon footprint of our business travel, our electricity and gas consumption, and our use of paper. We recognize that purchasing carbon offsets is not a perfect or complete solution to mitigating the climate impact of our activities. However, we feel it is an important step in the right direction. To cover our activities in 2020, we purchased carbon offsets representing 40 tonnes of CO₂ equivalent. This is significantly lower than in years past, reflecting reduced travel due to the pandemic.

TALENTED PEOPLE WORKING TOGETHER AS A COHESIVE TEAM

THE ENTIRE ORGANIZATION IS FOCUSED ON OUR CLIENT'S GOALS

- Everyone on the UTAM team works together efficiently and effectively, combining our talents to achieve the best possible outcomes for the university. We're constantly learning as we explore new and better investment and risk management processes.
- There are no silos at UTAM. Senior investment team members work on every file – exploring opportunities, improving processes and developing effective investment strategies together.
- Our highly collaborative culture brings together people with complementary skills and experience as they share insights strengthened by rigorous inquiry and debate. In facing challenges, we encourage everyone to dig deep, ask tough questions and develop investment strategies that meet the test of excellence.
- We welcome diverse perspectives and encourage discussion and debate, as we know this yields better solutions. Every decision we make and every initiative we pursue is guided by UTAM's vision and mission, and anchored by a set of shared values.





OUR PEOPLE



For me, one of the key strengths of UTAM is our willingness to exchange and debate ideas as we work together to find the right outcome.

LEON LU, Head of Fixed Income, joined UTAM in 2012 and now oversees all fixed income investing activities. Leon, who loves digging into the details of investment opportunities, says (only half-joking) that he interviews potential managers using techniques he learned in training sessions with an ex-CIA interrogator.

GOVERNANCE: COLLABORATION AND OVERSIGHT

From our founding, UTAM has been a separate corporation accountable to the University of Toronto. Our entire focus is on managing assets for the university, which oversees our business activities and selects the independent Investment Committee to provide expert advice on our investment objectives and activities. As UTAM has evolved, our commitment to sound governance has only deepened, shaping our unique collaborative culture and underpinning all dimensions of our mission.

UTAM BOARD OF DIRECTORS

A corporation without share capital, UTAM is governed by a Board of Directors whose members are nominated by the University of Toronto. The Board approves our annual corporate budget and certain key policies (e.g., our Responsible Investing Policy) and oversees matters such as regulatory compliance, enterprise risk and executive compensation. While it does not guide investment strategy (that is the mandate of the university's Investment Committee), the Board is focused on ensuring that UTAM has developed an effective investment management infrastructure and organization in order to fulfill the responsibilities delegated to it by the University of Toronto.

Members

Richard B. Nunn (Chair)

Independent Director

Sheila Brown

Chief Financial Officer, University of Toronto

Meric S. Gertler

President, University of Toronto

Daren M. Smith

President and Chief Investment Officer, UTAM

Alan D. White

University of Toronto Faculty Association (UTFA) Appointee
Professor, Rotman School of Management

U OF T INVESTMENT COMMITTEE

The five members of the Investment Committee (IC) are all appointed by the President of the University of Toronto. They bring a wealth of senior-level investment industry experience to their oversight of UTAM's efforts to grow the university's Pension, Endowment and EFIP assets.

The IC's responsibilities include:

- recommending investment strategy, including explicit risk and return objectives, to the university administration
- approving various elements of strategy execution proposed by UTAM's management
- overseeing our investment activities and monitoring performance
- providing input on the hiring, compensation and evaluation of UTAM's senior leadership team

The IC reports directly to U of T's President and collaborates extensively with the university administration and UTAM's Board. The IC is empowered to provide direct input to UTAM's management team, conveying the President's objectives and instructions, and acting on his behalf with regard to all relevant investment-related activities.

UTAM meets formally with the IC every quarter and has ad hoc interactions as needed to discuss emerging issues and seek expert advice. We're extremely fortunate to have such a distinguished and highly qualified group of volunteer advisors actively engaged in overseeing our investment management activities. The university and its stakeholders benefit immeasurably from the IC members' insights, experience and wise counsel.

Members

David Denison (Co-Chair)

A corporate director with extensive experience in the financial services industry, Mr. Denison served as President and CEO of the Canada Pension Plan Investment Board from 2005 to 2012. He was previously President of Fidelity Investments Canada. He also sits on the boards of Royal Bank of Canada and BCE and is Chair of the Board of Element Fleet Management Corporation.



OUR PEOPLE

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UTAM is very collaborative. Whether we're sitting around a table or meeting online, everyone works together to get things done.

VICTOR ZHENG, Senior Associate, Private Markets, came to UTAM in 2019 from another pension plan. He contributes his expertise to the internal Management Investment Committee, which reviews all of our investing activities. Working from home has also enabled Victor to develop his expertise as a dad to his infant daughter.

Geoff Matus (Co-Chair)

A co-founder (in 1988) of Tricon Capital Group, Mr. Matus remains on the company's Board, serving as Chair of the Executive Committee and as a member of the Investment Committee. He is also Chair and co-founder (in 1998) of Cidel, a global financial services group, and Chair of The TEAM Companies, an international payroll provider serving the entertainment industry. In addition, he is on the Board of the MaRS Discovery District, chairing the Real Estate Committee, and Co-Chair of U of T's Real Estate Advisory Committee.

Brent Belzberg

Mr. Belzberg is the founder and Senior Managing Partner of TorQuest, a private equity firm based in Toronto. He also sits on the Board of CIBC and is the immediate past Chair of the Board of the Sinai Health System.

Heather A. T. Hunter

Retired after nearly 40 years in the investment industry, Ms. Hunter most recently served as VP and Head of Canadian Equities at Invesco, a global investment manager. She was previously Vice President, Equities at the Ontario Teachers' Pension Plan Board from 1990 to 1999.

Craig Rimer

The Chief Executive Officer of Cidel Bank Canada, Mr. Rimer is also Chairman of Cidel Asset Management. The University of Toronto's President and its Chief Financial Officer, as well as the Chair of UTAM's Board of Directors, are ex officio observers of the IC.

OTHER U OF T OVERSIGHT

UTAM's relationship with the University of Toronto is governed by a formal delegation of authority, which empowers us to act as the university's agent, and by an investment management agreement specifying the services to be provided by UTAM. Within that framework, we collaborate formally and informally with many areas of the university administration. We value this mutually supportive relationship, and we're committed to serving the university and its stakeholders with the utmost diligence and care.

University Administration

UTAM's President and CIO typically meets with U of T's Chief Financial Officer every two weeks, and with the President quarterly. UTAM works closely with the university's Financial Services Department, collaborating on cash and expense management, stakeholder reporting, various audits of the university's investment portfolios, and other aspects of UTAM's operations.

Business Board

Established by the university's Governing Council, the Business Board approves investment risk tolerance and return targets for the Endowment and EFIP portfolios, delegating approval of asset allocation to U of T's President, who in turn relies on the advice of the Investment Committee. UTAM reports to the Business Board on the management and performance of all portfolios every six months.

Pension Committee

We report regularly to the Pension Committee, which is responsible for approving investment risk tolerance, return targets and the policy asset allocation (i.e., the Reference Portfolio) for the Pension portfolio, guided by the recommendations of the university administration.

UTAM COMPLIANCE**Investment compliance**

UTAM is registered as a Portfolio Manager under securities legislation and is regulated by the Ontario Securities Commission. Consistent with our fiduciary duty, stewardship obligations and applicable regulatory requirements, we have implemented a comprehensive program of policies, procedures, processes, controls and monitoring designed to achieve compliance with applicable regulations, client investment guidelines and internal policies. Our Chief Compliance Officer works closely with UTAM's President and CIO, and reports regularly to our Board of Directors.

Code of Ethics

UTAM's [Code of Ethics](#), administered by our Chief Compliance Officer, sets out clear standards of professional behaviour and guides how we manage actual and potential conflicts of interest. For example, all employees are required to:

- place the interests of UTAM's client first
- protect confidential information
- avoid taking inappropriate advantage of their positions (adhering, for example, to stringent policies on personal trading, as well as on the acceptance of gifts and entertainment)

MANAGEMENT: COMMITTEES AND TEAMS

UTAM COMMITTEES

Management Committee

The Management Committee considers wide-ranging operational and investment matters under the following broad categories:

- Enterprise risk
- Human resources
- Policy approval
- Information technology, business continuity planning
- Broad investment strategy and investment risk issues
- Internal audit

The committee is composed of the President (Chair), the Chief Operating Officer, the Chief Risk Officer and the Investment Heads.

Management Investment Committee

The Management Investment Committee reviews investment activities and makes recommendations, decisions and approvals where required, including but not limited to:

- Investment strategy
- Asset mix and rebalancing reports
- Investment performance reports
- Investment manager hire/termination recommendations
- Investment manager and investment service provider watchlist

The Committee is composed of the President (Chair) and all other investment staff, as well as senior members of the Risk and Research and Operations teams.

Management Investment Risk Committee

The Management Investment Risk Committee oversees the development and implementation of UTAM's investment risk framework, including review of client portfolio investment risk positions, and the evaluation of investment-risk-related issues.

The Committee is composed of the Chief Risk Officer (Chair), the President, members of the Risk & Research team, and the Investment Heads.

Responsible Investing Committee

The Responsible Investing Committee oversees all matters relating to the development and implementation of our responsible investing practices including the following activities:

- Develops and approves our Responsible Investing Policy for Management Committee and Board approval
- Sets annual responsible investing objectives, including those specifically related to climate issues
- Identifies and evaluates evolving best practices with respect to responsible investing
- Approves and oversees the implementation of responsible investing practices
- Provides appropriate training for staff
- Develops responsible investing reporting to stakeholders
- Oversees annual PRI reporting
- Considers any other relevant matters

The Committee is composed of the President (Chair), the Investment Heads, the Chief Risk Officer and Head of Research, and the Chief Operating Officer.

From time to time, other staff may be invited to join the Committee.



OUR PEOPLE

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Even though I just joined UTAM in September 2020 and still haven't met anyone face to face, I already feel part of this great team.

KIANA XU, Senior Associate, Public Equities, provides analytical support to the entire investment team. With experience in portfolio construction, asset allocation and manager research, Kiana looks forward to expanding her capabilities and growing in her new role.

Research Committee

The Research Committee is the forum for approving and prioritizing the research agenda for UTAM's Risk and Research team.

The Committee primarily undertakes the following activities:

- Periodically sets, and thereafter reviews, the strategic objectives for research activities
- Approves and prioritizes a set of annual research topics to be undertaken
- Monitors the progress and outcomes of research activities and facilitates sharing of findings with relevant staff

The Committee is composed of the President (Chair), the Chief Risk Officer and the Director, Risk and Research, and typically meets at least quarterly.

Valuation Committee

The Valuation Committee oversees valuation practices and primarily undertakes the following activities:

- Reviews the Valuation Policy annually
- Reviews pricing sources annually to ensure that they remain appropriate; recommends changes as necessary
- Receives annual confirmation that appropriate valuation procedures are in place to meet the requirements of the Valuation Policy
- Addresses valuation issues as they arise, giving due consideration to conflict-of-interest issues

The Committee is composed of the Chief Operating Officer (Chair), the President, the Chief Risk Officer and the Director, Operations.

UTAM TEAMS

Investments

The Investment team, led by the President and CIO, is divided into three groups: public equity, fixed income (including private credit) and private markets. The head of each group is supported by at least one analyst. The Investment team is responsible for portfolio construction within each portfolio and identifying, evaluating and recommending investment managers to the Management Investment Committee, as well as ongoing monitoring of appointed managers.

Risk and Research

The Risk and Research team, led by the Chief Risk Officer, is responsible for the measurement of investment risk and portfolio performance. The team undertakes internal research on a variety of investment-related topics. It also manages the implementation, development and use of a third-party holdings-based risk system that assists UTAM in identifying, measuring and monitoring a wide variety of investment risks. Risk and Research also ensures the completeness and accuracy of the data on which the system's validity relies.

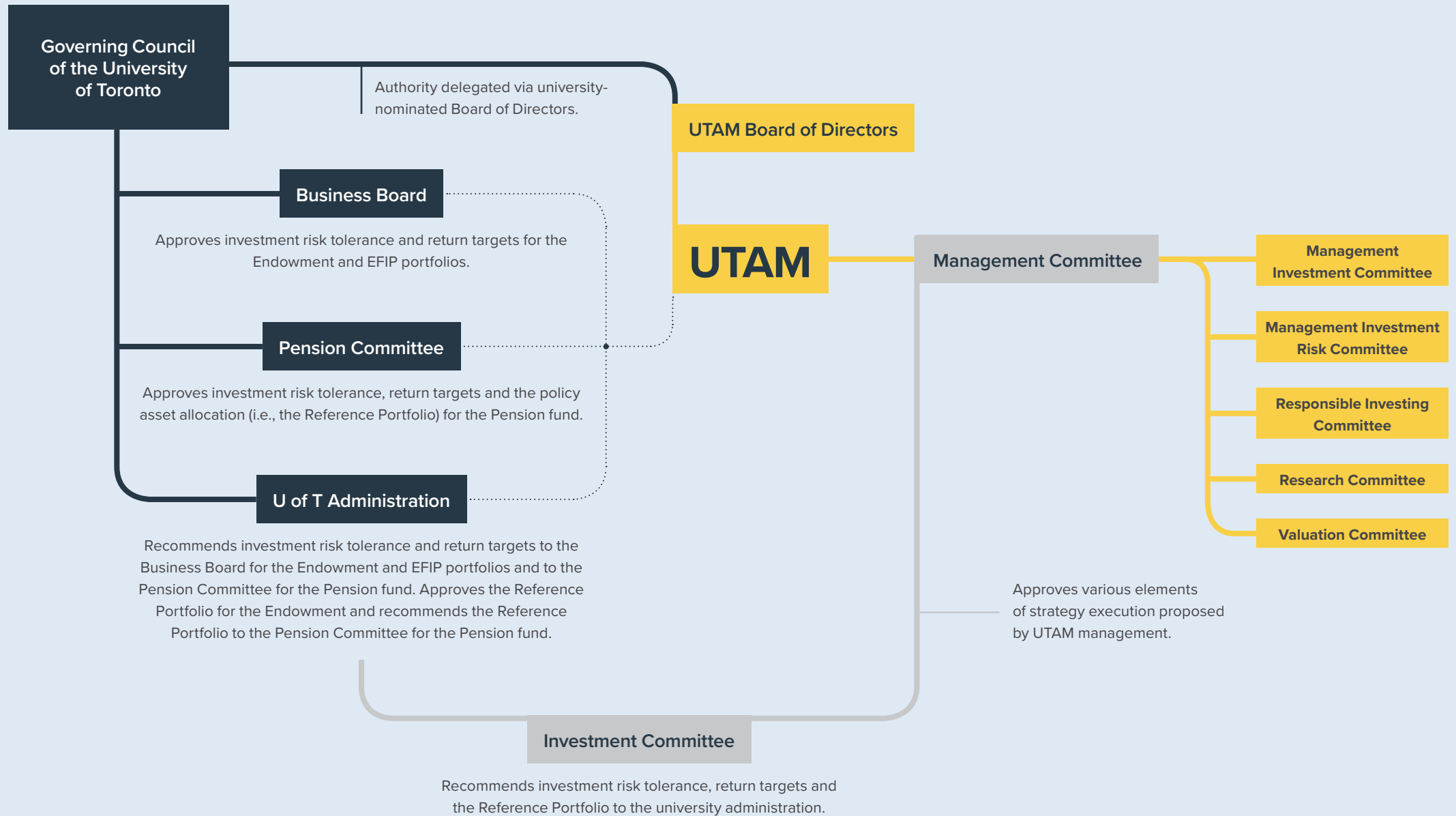
Operations

Operations, led by the Chief Operating Officer, encompasses the oversight and execution of all matters related to investment operations, operational due diligence, compliance, corporate financial accounting, human resources, technology, enterprise risk and legal. The Investment Operations function facilitates the accurate and timely execution of investment transactions and the payment of portfolio fees and expenses. It also ensures that official investment books and records for the portfolios are accurately maintained by the university's appointed independent custodian. Operations staff work closely with their Investment and Risk and Research colleagues within UTAM, as well as with the university's Financial Services Department and key external service providers.

UTAM'S GOVERNANCE STRUCTURE

The following chart shows the roles and responsibilities of the various groups involved in the governance of UTAM.

LEGEND
 — Direct relationship
 Reporting relationship



A RIGOROUS, SOPHISTICATED INVESTMENT PROCESS

OUR PROCESS IS DESIGNED TO MEET TODAY'S GOALS – AND TOMORROW'S

- UTAM's investment process is not something we devise to support our work – it *is* the work. It's how we organize and focus our efforts to reflect the high expectations of the University of Toronto and its stakeholders.
- Our rigorous approach leverages quantitative tools and analysis to gain deeper investment insights. It also enables us to handle routine tasks more efficiently, so we can focus on work that yields the most value for our client.
- We then build on that quantitative foundation, applying sound judgment and time-tested experience. The result is an investment process that meets our client's goals, delivers strong returns against our benchmarks and – crucially – is repeatable.
- A core strength of UTAM is our methodical evaluation and selection of external investment managers. We have a clear set of steps for identifying, vetting and monitoring the managers we choose to work with – and we're constantly looking for ways to improve that collaborative process.



PLACEHOLDER
FOR PLACEMENT ONLY

THE REFERENCE PORTFOLIO: BENCHMARKING PERFORMANCE

UTAM's investment decisions are anchored by the Reference Portfolio, which establishes a benchmark for the risk and return objectives of the Pension and Endowment portfolios. As we put our investment strategy into action, the Reference Portfolio serves as an objective yardstick for measuring active risk in the Pension and Endowment portfolios and the value gained or lost through our investment management activities.

The Reference Portfolio is developed jointly by UTAM and the Investment Committee. It is then recommended to the university administration,

which must approve its use for the Endowment portfolio and recommend its adoption for the U of T Pension Plan – subject to approval by the Pension Committee.

Design features of the Reference Portfolio

The Reference Portfolio must have the following characteristics:

1. Risk and return attributes consistent with the objectives of the Pension and Endowment portfolios
2. Simple asset mix – public market asset classes only
3. Passive investing approach – no active strategies
4. Easy to implement – no need for a large investment team
5. Low cost – can be deployed without significant expense

The current Reference Portfolio consists of 60% equity exposure and 40% fixed income exposure.

Table 1
Pension and Endowment Asset Mix Compared to the Reference Portfolio

Reference Portfolio Asset Class	Benchmark	Reference Portfolio Weight	Actual Pension Weight	Actual Endowment Weight
Equity		60.0	60.0	60.1
Global Equity	MSCI ACWI Net Total Return Index	60.0	60.0	60.1
Fixed Income		40.0	40.0	39.9
Canadian Corporate Bonds	FTSE TMX Canada All Corporate Bond Total Return Index	20.0	20.1	20.2
Canadian Government Bonds	FTSE TMX Canada All Government Bond Total Return Index	20.0	19.9	19.7

The Global Equity benchmark is 50% hedged to Canadian dollars for the developed markets component and unhedged for the emerging markets component.

Asset mix

Table 1 on the previous page shows the asset class weights for the Pension, Endowment and Reference portfolios as of December 31, 2020. We calculate the weights on an exposures basis, meaning they reflect the economic exposure of any derivative instruments that may be used to maintain an asset class exposure at the desired weight. We believe that this reporting method best represents the asset class exposures and risks of the investment portfolios. It should also be noted that the asset class weights in Table 1 reflect the impact of mapping investments not in the Reference Portfolio – for instance, private equity and hedge funds – to the most appropriate asset class within the Reference Portfolio.

Investment flexibility

Although the Reference Portfolio includes only public market asset classes, UTAM has the flexibility to invest in other asset classes and strategies. However, this freedom is tightly controlled with agreed-upon risk guidelines that are monitored and regularly reported on. Investments in any asset class or strategy not in the Reference Portfolio are subject to the relevant plan documents and require explicit permission from the Investment Committee. UTAM retains discretion to select investments within these approved asset classes and strategies.

Our decisions with regard to the Endowment and EFIP portfolios are governed by our investment management agreement with the university and the University Funds Investment Policy. Pension investments are managed in accordance with the Pension Statement of Investment Policies and Procedures.

We have the flexibility to deviate from the target Reference Portfolio asset class weights for Pension and Endowment, but the actual weights must be within the allowable bands – that is, within 10% for global equities; within 10% for each fixed income asset class; and up to 10% above or 15% below the Reference Portfolio's total fixed income weight.

In addition to the limits above, we must adhere to various liquidity, concentration and rebalancing constraints.

Last but by no means least, our investment decisions are framed by a rigorous risk management process and a formal risk budget, which are detailed later in this report.

HOW WE CHOOSE INVESTMENT MANAGERS

Among the core capabilities that we believe set UTAM apart is our highly analytical approach to assessing and selecting our external investment managers. We've defined a series of clear steps for identifying strong candidates, vetting their investment practices and monitoring long-term performance.

Active vs. passive

An important part of our manager selection process is determining whether to invest with an active manager or to invest passively. Our default position is to invest passively at the lowest possible cost. In other words, we only pursue active management when we have a high level of conviction that a specific investment manager's approach will outperform passive investment alternatives (net of all fees and expenses) over time.

Sourcing and assessing managers

We review hundreds of investment managers every year. Primary sourcing methods include drawing on the knowledge and experience of the UTAM team, proactively reaching out to managers and networking with other investors. Secondary methods include attending conferences, responding to inbound inquiries from managers and searching industry databases. The initial screening process consists of reviewing the manager's marketing materials, and in some cases running a quantitative analysis of returns, to quickly determine if there is a potential fit. If there's still interest after the first pass, we request a call or meeting with the manager to better understand the organization and investment team, their investment philosophy and process, their investment performance, the level of transparency they are willing to provide and the terms of the investment (including the fee structure). When a manager seems potentially well matched to our investment beliefs and objectives, we conduct more in-depth research and analysis.



OUR PEOPLE

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As the markets responded to COVID-19, our public equities managers met the challenge; the portfolio finished the year significantly outperforming its benchmark.”

CHUCK O'REILLY, Head of Public Equities, joined UTAM in 2011 and currently oversees investment strategy, manager selection and monitoring, and portfolio construction across all of our public equities portfolios. On video calls with his team, Chuck is sometimes joined by his dog, Josie.

Investment due diligence (IDD)

For managers who make it to this stage of the process, we focus on the four P's: people, philosophy, process, performance. We also add a fifth P, portfolio fit, which takes into account how the manager's strategy fits with the other managers and strategies across the rest of the relevant portfolio. We also look at the alignment of interests between the investment manager and the investors in their strategies. When we evaluate a manager's process, we take into account ESG considerations by rating managers along this dimension and having in-depth conversations with them to better understand their capabilities in this area. Our IDD process includes both a qualitative assessment of the manager's organization and its people, and a quantitative review of historical portfolio holdings (where available) and returns.

As an institutional investor, we expect a great deal of transparency from potential and current managers – far more than a typical individual investor would receive. This level of transparency is necessary for UTAM's team to effectively evaluate active managers. For example, in reviewing public equity strategies, managers typically provide historical month-end holdings, which UTAM runs through sophisticated analytical tools to produce reports that include performance attribution; factor exposures (e.g., value, growth and momentum); risk exposures; ESG scores, including carbon footprints; sector and country exposures; the trading history of each position; and more. This information helps us better understand the manager's investment process and allows us to ask more targeted questions when interviewing the manager's investment team about their strategies.

We believe that leveraging quantitative tools, while essential for a best-in-class manager selection process, is not sufficient on its own. We therefore complement our rigorous quantitative insights with qualitative judgment and experience, working as a team to make optimal manager choices that we expect will benefit our client over the long term.

Operational due diligence (ODD)

Once there is a reasonable probability that the Investment team will recommend investing with a particular manager, we conduct a similarly rigorous review of the firm's business operations, focusing on people and processes. We must be confident that a manager not only offers a promising investment opportunity but also operates a sound, well-run business.

Factors we examine include ownership and management structure; the experience and competence of key operational personnel; the soundness of operational processes; the manager's compliance and control environment, including conflicts of interest; other formal policies and procedures; and relationships with external service providers. We also look at the

firm's cash management practices, compliance track record, information systems, cybersecurity measures and business continuity planning, among other operational dimensions. Should a prospective manager's operations not meet our standards, UTAM's Operational Due Diligence team has a right of veto over the investment.

Risk analysis

Before we allocate any funds to a manager, our Risk and Research team runs a risk analysis that includes calculating the expected risk contribution of the potential new investment to the overall portfolio risk. Armed with this comprehensive and independent analysis, we can make more informed decisions about prospective managers and strategies, focusing on those that offer the highest expected return for the amount of risk being taken.

Manager recommendation

All material allocations must be approved by UTAM's Management Investment Committee. To help the Committee evaluate investment recommendations, formal IDD and ODD reports are prepared by the Investment team and the Operational Due Diligence team, respectively.

The Committee also reviews an internally prepared risk report, legal review and tax review. The IDD report, a detailed account of the IDD process and findings, including a section on ESG considerations, can range from 50 to more than 150 pages. The ODD report describes the review undertaken and its findings, and also includes a detailed account of key operational risks and mitigations (if any). It provides a conclusion on whether the manager's operations are sufficiently sound and indicates any operational improvements identified as necessary conditions for investment. After reviewing and discussing each of the reports, the voting members of the Committee decide whether to approve the allocation.

Ongoing monitoring

After an investment has been made, the Investment and Operational Due Diligence teams follow rigorous monitoring and reporting processes. The Investment team typically has touchpoints at least quarterly with each manager. The focus of the monitoring process remains on the five P's, including responsible investing considerations. The process includes an assessment of performance, taking into account the market environment and how we expected the manager to perform in that environment. We also conduct regular reassessments of operational risk to consider any relevant changes. For UTAM, choosing to work with an investment manager is not a one-time decision – it's a continuous process of analysis, evaluation, dialogue and renewal.

SYSTEMATIC ASSESSMENT AND MANAGEMENT OF RISK

OUR COMPREHENSIVE RISK MANAGEMENT FRAMEWORK IS A UTAM HALLMARK

- At once wide-ranging and precisely targeted, our investment risk processes are comparable to those of the largest Canadian pension plans.
- UTAM's Risk and Research team examines multiple dimensions of investment risk, from active risk, counterparty concentration and liquidity needs to the potential long-term impacts of climate change.
- We're the only university asset manager in Canada (and one of very few investment firms of our scale) with a Chief Risk Officer (CRO), who brings highly specialized qualifications and a wealth of experience to leading our risk management team.
- Since 2011, our CRO has guided the evolution of UTAM's increasingly nuanced approach to asset allocation modelling and risk measurement, as well as non-manager-related investment research.



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ASSESSING AND MANAGING INVESTMENT RISK

In 2020, we witnessed a significant amount of volatility in markets due to the uncertainty brought on by the pandemic. The onset, spread and lingering effects of COVID-19 impacted many factors – not only financial and market factors, but also how firms operated. For example, working from home or offsite became quite common. Despite these disruptions, we continued to carry out our comprehensive and methodical risk management process, which is a hallmark of UTAM's investment approach. This rigour helped us to maintain all risk measures within acceptable ranges during this uncertain time and to ensure there was ample liquidity to meet the obligations of the Pension and Endowment portfolios.

A well-structured, multi-lens risk management approach is important in normal times but even more so in periods of market stress. Our investment risk management framework is anchored by three risk categories: market, concentration (including credit and counterparty) and liquidity. The main portfolio risk limits, such as the active risk limit, are approved by various groups, including the university administration, the Investment Committee and the Pension Committee. We incorporate these limits into our processes to ensure that any risk we assume to earn returns in excess of the Reference Portfolio is managed in a thoughtful and efficient manner. To that end, we manage the risk of the Pension and Endowment portfolios against the university's specified active risk budget and incorporate several limits on exposure, concentration and liquidity. The risk limits and associated policies are crucial in ensuring the portfolios' risk profiles remain within acceptable ranges.

WE EVALUATE MANY DIMENSIONS OF INVESTMENT RISK

Market risk

UTAM identifies, measures and monitors a variety of risks on a point-in-time (e.g., as of December 31) and trend basis (i.e., over time) using a third-party holdings-based risk system. We begin by loading all available investment holdings from our managers into the system. Where positions are not available, we use a variety of statistical techniques to model and

thus to incorporate the most relevant risk exposures of those managers. For private investments, such as private equity and real estate, we use multi-factor proxies that reflect the key risk drivers of the investments. For certain credit strategies where we have position-level cash flow data, we employ a discounted cash flow model that accounts for illiquidity and credit risk.

Once we've populated the risk system with holdings and proxies, we measure active risk (i.e., portfolio risk versus Reference Portfolio risk) and total portfolio risk. In both cases, we identify specific risk contributors by asset class, investment strategy, investment manager and position. We also monitor the exposures of the Pension and Endowment portfolios to different sectors, geographical regions and credit-rating categories.

In addition to the risks noted above, we assess the highest risk concentrations among individual issuers across a variety of categories. We estimate the sensitivity of the portfolio to potential changes in market risk factors such as equity market shocks, shifts in interest rates and credit spreads, and adverse movements in foreign exchange rates. We also run the portfolios through historical stress periods, such as the 2008 global financial crisis, and hypothetical stress periods (for example, a pandemic or a widespread global cyber-attack – two scenarios we added to our risk dashboard in 2017). The analytics are all integrated through simulation analysis to assess, quantitatively, the possible portfolio impacts and sensitivities to different capital market regimes and scenarios. Finally, we also have the capability to run our own asset liability modelling using a dynamic scenario generator. This allows us to analyze the behaviour of the assets and liabilities of the Pension and Endowment portfolios across different plausible forward-looking scenarios and over multiple business cycles.

Our analysis provides insights into overall risk exposures and identifies specific markets, factors and regimes to which the portfolios are most vulnerable. The output of this analysis is discussed at regular meetings of our Management Investment Risk Committee and informs our decision-making on how these risks should be managed going forward.

We compare the various risk measures developed for the Pension and Endowment portfolios on a stand-alone basis and relative to the Reference Portfolio. We conduct this process monthly with updated holdings, gaining a detailed picture of the various risk exposures. Through constant measurement and monitoring, we're able to better identify and manage risk associated with specific investment decisions on both a relative and absolute basis, which enables us to make well-informed investment decisions.



OUR PEOPLE

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The volatility we've seen during this pandemic has tested and proven the value of our robust risk framework.

DOUG CHAU, Chief Risk Officer and Head of Research, joined UTAM in 2017. His responsibilities include asset allocation modelling, risk management, performance analysis – and chairing UTAM's social committee, which organizes regular staff events (though these have had to shift online during the past year).

ESG and climate risks

ESG and climate risk analysis is integrated within our market risk analysis. We take a two-fold risk measurement approach, looking first at country and sector exposures and then supplementing that analysis with specific scenario-based tests. In monitoring sector (or country) exposures to E, S and G risks, we employ several data sources (e.g., MSCI ESG industry risk intensity scores). These allow us to view risk at the individual security level and at the total portfolio level. For climate risk in particular, we use risk indices and scores that capture a country/sector’s current state and its readiness to adapt to a low-carbon economy. These metrics, which can be connected back to individual asset classes, provide information on which areas of the portfolio could be most susceptible to ESG and climate-based risk shocks on both a stand-alone and relative basis (i.e., relative to the Reference Portfolio).

Our scenario analysis work started back in 2017 with the objective of using historical scenarios as an initial guide for studying E, S and G events (e.g., natural disasters, an Ebola outbreak, cyber-attacks). We have continued to refine our approach by studying how these events could influence different market factors beyond simple equity or interest-rate changes. For climate risks in particular, we have integrated transition and physical risks outlined in the academic and practitioner literature. Here we have used both external platform tools (e.g., PACTA¹) and scenarios developed in-house. Guided by published climate scenarios (e.g., IEA transition scenarios and NGFS scenarios), we take the projected changes in macroeconomic variables via the different pathways (and horizons) and apply them to determine potential asset price shocks at the country and sector levels. This is an area of ongoing work, and we expect to continue building up our expertise in this area in the coming years.

¹External tools: Paris Agreement Capital Transition Assessment (PACTA), International Energy Agency (IEA), Network for Greening the Financial System (NGFS)

Liquidity and counterparty risk

Since we developed our liquidity analysis tool several years ago, it has been a critical part of our liquidity risk management process. The tool enables us to model the potential liquidity needs of the Pension and Endowment portfolios under stressed market conditions. This helps ensure that adequate cash and other sources of liquidity are available to meet all liquidity needs over an extended period. The analysis includes a point-in-time evaluation of the portfolio’s liquidity profile and provides information

on how it could change over different scenarios. This approach to liquidity modelling ensures that we could rebalance the Pension and Endowment portfolios back to the Reference Portfolio target asset class weights even in a stressed market environment without having to sell assets at a significant discount. With these liquidity tools and policies in place, the portfolios did not face any liquidity challenges in 2020.

The Pension and Endowment portfolios have credit exposures to individual counterparties through security holdings in the equity and bond markets. We also generate credit exposure through the use of derivatives, which are mainly used to hedge foreign exchange exposures, to obtain passive exposure in markets where active management is challenging, and to rebalance the portfolios back to the target asset class weights of the Reference Portfolio. We establish fixed limits for individual counterparties that we monitor regularly. These limits ensure that the portfolios are not overexposed to negative shocks from any single counterparty. We have the ability to run exposure reports on a daily basis, which provides our internal teams with up-to-date information on the portfolios’ credit exposures.

Bringing it all together

We believe that a sophisticated and disciplined risk management framework is critical to the long-term success of an active management investment program. In every area of risk assessment, as we analyze data on underlying positions and historical returns, we gain deeper insights into the risks in the Pension and Endowment portfolios and in our investment managers’ portfolios. It’s a continuous process that starts right from the initial due diligence phase of our manager selection process and continues as part of our manager monitoring activities.

The Investment Committee and the university administration view the active risk, liquidity, counterparty and other limits as sufficient to give UTAM the flexibility to achieve our value-added objectives – but not so large that they put the portfolios at undue risk of significant underperformance relative to the Reference Portfolio.

UTAM’s Active Risk Budget

The amount of risk that UTAM is permitted to use in the actual Pension and Endowment portfolios is constrained by the “traffic light” risk framework shown below. Active risk is defined as the risk in the actual portfolio minus the risk in the Reference Portfolio. For example, the “green zone” extends from taking 0.50% less risk than the Reference Portfolio to 1.50% more risk than the Reference Portfolio.



OUR PEOPLE



I contribute to the team effort and keep things positive while helping out wherever I can.

ROBIN WARNER, Senior Analyst, joined UTAM’s Risk and Research team in January 2017 after working with one of our investment analytics providers. An accomplished jazz musician who studied music and economics at McGill, Robin looks forward to performing again when Toronto venues reopen.

Active Risk Zone	Active Risk
Green (“Normal”)	-0.50% ≤ Active Risk ≤ 1.50%
Orange (“Watch”)	1.50% < Active Risk ≤ 1.75%
Red (“Reduce”)	Active Risk > 1.75%

DELIVERING STRONG PERFORMANCE OVER THE LONG TERM

LIKE OUR CLIENT, WE ASSESS RESULTS IN THEIR LARGER CONTEXT

- At UTAM, we gauge performance not just year over year, but on a longer trajectory defined by our strategic investment goals – which in turn reflect the priorities and long-term outlook of the University of Toronto.
- The Pension and Endowment portfolios under our management have delivered annualized net returns of 8.7% and 8.8%, respectively, over the last 10 years, exceeding the university's target return of 5.6%. Our active management approach outperformed the passive Reference Portfolio benchmark for the same period by 1.0% annually for the Pension portfolio and 1.1% for the Endowment portfolio, net of fees and expenses.
- Over the long term, UTAM has outperformed in all investment programs. Our approach includes regular opportunities for reflection. We analyze investment performance to understand where we did well and to recognize any aspects that could have been executed better – so we can improve upon them.



PLACEHOLDER
FOR PLACEMENT ONLY

THE YEAR IN REVIEW: PUTTING 2020 IN PERSPECTIVE

The Pension and Endowment portfolios generated returns of 11.7% and 11.6% respectively (net of all fees and expenses) in 2020. These exceeded the university's target return of 4.7% and were close to the Reference Portfolio benchmark of 11.8%. Returns over longer periods of time have also been strong, with actual net returns (annualized) for Pension and Endowment of 8.7% and 8.8% respectively over the past 10 years. These results exceeded the university's target returns and the Reference Portfolio benchmark returns.

Reference Portfolio performance

Although most asset classes were highly volatile in 2020, the majority ended the year much higher than where they started. In particular, the asset classes in the Reference Portfolio performed very well in 2020. The equity component of the Reference Portfolio, a global index represented by the MSCI ACWI index, returned 13.4% in Canadian dollar terms after accounting for currency hedges during the year.* Given the decline in interest rates in 2020, the two fixed income benchmarks in the Reference Portfolio also had strong returns. The Government of Canada benchmark index and the Canadian investment-grade corporate bond index both returned 8.7%. The Reference Portfolio, which consists of public equity and fixed income allocations, returned 11.8% for the year. Table 2, below, shows the actual net returns, the Reference Portfolio returns and the university's target returns for the Pension and Endowment investment portfolios in 2020 and over the most recent 10-year period.

Table 2
Pension and Endowment Performance

	2020		10-Year Annualized (2011–2020)	
	Pension	Endowment	Pension	Endowment
Actual net return	11.7%	11.6%	8.7%	8.8%
Reference Portfolio return	11.8%	11.8%	7.7%	7.7%
University target return	4.7%	4.7%	5.6%	5.6%
UTAM value added (%)	0.0%	-0.2%	1.0%	1.1%
UTAM value added (millions)	\$16 [†]	\$5 [†]	\$320 ^{††}	\$211 ^{††}

[†]UTAM value added in millions is calculated on a monthly basis, and the total for 2020 is the sum of the monthly values. Value added in dollar terms was positive in 2020 because the portfolios outperformed when the market value of the portfolios was higher than when the portfolios underperformed.

^{††}Cumulative value added over 10-year period.

*The Reference Portfolio equity benchmark transitioned during the year from a weighted average of five equity benchmarks to one Global Equity benchmark.

Pension and Endowment performance by asset class

As shown in Tables 3 and 4, it was a mixed year for active management, with equities generating benchmark-like or slightly below-benchmark returns and fixed income outperforming. The Global Equity portfolio, which consists of both public and private equity, outperformed by 0.1% in Pension and underperformed by -0.2% in Endowment. During the year, public equity managers outperformed significantly, while private managers underperformed.

The fixed income portfolios had a strong year in 2020. The Canadian Corporate Bonds portfolio outperformed by 1.6% in Pension and 1.5% in Endowment, while the Canadian Government Bonds portfolio (which includes the Absolute Return hedge fund portfolio) outperformed by 0.5% in Pension and 0.7% in Endowment.

Looking in more detail at the Canadian Corporate Bonds portfolio, it's important to note that the Pension and Endowment investments in this category are not solely invested in Canadian Corporate Bonds; the portfolio also comprises alternative credit strategies such as private credit opportunities and credit long/short hedge funds. In 2012, we carved out a portion of this portfolio to invest in alternative credit strategies that we believed could generate more attractive risk-adjusted returns than the benchmark. This has proven to be the case, and we continue to find compelling opportunities in this area. The rest of the portfolio is invested in investment-grade corporate bonds, a market where we believe it is difficult for traditional, long-only active credit managers to outperform the benchmark after fees. For that reason, we invest with only one traditional active manager in this part of the portfolio; the remainder is invested passively to track the benchmark.

Table 3
2020 Pension Performance by Asset Class

Reference Portfolio Asset Class	Assets (millions) Dec. 31, 2020	Pension Return	Benchmark Return	Value Added
Equity				
Global Equity	\$3,763	15.9%	15.8%	0.1%
Fixed Income				
Canadian Corporate Bonds	\$1,264	10.3%	8.7%	1.6%
Canadian Government Bonds	\$1,248	9.2%	8.7%	0.5%
Total plan	\$6,275	11.7%	11.8%	0.0%

All returns are in local currency except for total plan returns, which take into account currency effects and are in Canadian dollars. Values and returns within the Reference Portfolio reflect the impact of mapping asset classes and strategies not in the Reference Portfolio to the most appropriate asset classes. The only exception is cash, which is included in Canadian Government Bonds but not included in the returns for Canadian Government Bonds. Total plan value added includes effects such as currency and asset class mismatches versus the Reference Portfolio not captured elsewhere in the table.

As with the Canadian investment-grade corporate space, we believe it is difficult for active managers investing solely in Canadian Government Bonds to outperform the benchmark net of fees. We therefore do not use any active traditional managers with Canadian Government Bond mandates. Instead, we obtain all of the bond exposure passively using derivatives and invest a portion of the assets in a highly customized portfolio of absolute-return hedge fund managers – which, by their nature,

are not expected to have material market sensitivity (i.e., beta) to equity or fixed income markets over time. We refer to the combination of passive government bond exposure and absolute-return hedge fund managers as “portable alpha.” Note that prior to March 31, 2020, the absolute-return hedge funds were used as a substitute for government bonds, and after that date as “portable alpha.”



OUR PEOPLE

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We’ve worked hard over the past two years to strengthen UTAM’s private markets programs and position them for long-term success.

JEAN POTTER, Head of Private Markets, joined UTAM at the end of 2018 and continues to steadily build out our private equity and real estate portfolios. He guides a new team as they create a solid foundation, map out promising directions – and do a lot of screen sharing.



OUR PEOPLE

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We’ve managed to adjust to working from home and keep operating to our usual high standards while respecting work-life balance.

ANNE LEE, Manager, Investment Operations, has been with UTAM since 2007. She ensures all of the systems and processes are working effectively to implement the investment team’s decisions – even when everyone is working from home.

Table 4
2020 Endowment Performance by Asset Class

Reference Portfolio Asset Class	Assets (millions) Dec. 31, 2020	Endowment Return	Benchmark Return	Value Added
Equity				
Global Equity	\$2,205	15.7%	15.8%	-0.2%
Fixed Income				
Canadian Corporate Bonds	\$740	10.2%	8.7%	1.5%
Canadian Government Bonds	\$724	9.4%	8.7%	0.7%
Total plan	\$3,669	11.6%	11.8%	-0.2%

Please refer to the note below Table 3.

EFIP performance

The objectives of the Expendable Funds Investment Pool (EFIP) are established in the University Funds Investment Policy. In 2020, the policy was amended to allow for a short-term component and a medium-term component; previously, it had only a short-term component. While there is no Reference Portfolio for EFIP, the university has set a target return for each component, which in 2020 equated to 3.4% at the total EFIP level.

In 2020, the portfolio returned 3.9% (net of all fees and expenses), outperforming its target return by 0.5%. Over the past 10 years, it has generated a 2.1% annualized return, outperforming the target return by 0.3% and adding \$39 million in value.

Table 5
EFIP Performance

	2020	10-Year Annualized (2011–2020)
Actual net return	3.9%	2.1%
University target return	3.4%	1.9%
UTAM value added (%)	0.5%	0.3%
UTAM value added (millions)	\$12	\$39*

*Cumulative value added over 10-year period.

Table 6 shows EFIP investment exposures at year-end, as well as 2020 returns by investment category and for the overall portfolio. As the table indicates, 45.2% of EFIP was invested in cash and cash equivalents, which mainly consisted of deposits with Canadian financial institutions. 41.0% was invested in short-term investment-grade government and corporate bonds. The remainder was invested in a portfolio of medium-term fixed income investments. During the year, all investment categories outperformed their benchmarks, with the medium-term portfolio generating the highest absolute returns at 13.5%. The very strong returns in the medium-term portfolio were partly due to its higher interest rate duration and the decrease in interest rates experienced in 2020.

Table 6
EFIP Performance by Investment Category

Fixed Income Investment Category	Weight Dec. 31, 2020	2020 Return
Cash and Cash Equivalents	45.2%	1.4%
Short-term	41.0%	6.1%
Medium-term	13.8%	13.5%
Total	100%	3.9%

All returns are in local currency except for the total return, which takes into account currency effects and is in Canadian dollars.

LOOKING AHEAD

The results UTAM delivered over the past year demonstrate the resilience of the portfolios we manage for the University of Toronto and reinforce the effectiveness of our overall investment approach. We remain firmly committed to our vision – *to be one of the world's leading university investment managers* – and know that the key to achieving that aim is to look past short-term events, however disruptive, and stay focused on the long term.

As we complete this annual report, the entire UTAM team is still working from home, and we expect to continue doing so for some time. Having seen first-hand the benefits of working remotely, we'll be integrating some of what we've learned into our day-to-day practices when we ultimately return to the office. As with many organizations, the pandemic not only challenged us to keep on working effectively but provided opportunities to rethink, innovate and improve.

This dedication to continuous improvement is a defining strength of UTAM, alongside our rigorous investment process, our systematic approach to managing risk and our deeply experienced, highly collaborative team. Equally important, as the post-COVID recovery brings renewed focus to the urgent issue of climate change, is UTAM's comprehensive approach to responsible investing. On behalf of our stakeholders, and in collaboration with institutional investors worldwide, we will continue to share insights, advance best practices and lead by example.

While there will no doubt be further challenges ahead, UTAM is well positioned to meet them, building on our successful track record and leveraging the proven strengths of our people, systems and processes. We're not in the business of predicting the future – but as always, we're looking forward to what comes next.

This annual report and its companion publication, the Responsible Investing Report, are part of a broader commitment to timely, transparent communications about all dimensions of the work UTAM does. Please visit our website, utam.utoronto.ca, for current reporting, news updates and other information of interest to the University of Toronto community and our wider circle of stakeholders.

FINANCIAL STATEMENTS

DECEMBER 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Directors of
University of Toronto Asset Management Corporation

Opinion

We have audited the financial statements of University of Toronto Asset Management Corporation ["UTAM"], which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of net income, comprehensive income and changes in net assets and cash flows for the years 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 UTAM as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the financial reporting framework specified in paragraph 3.2(3)(a) of National Instrument 52-107, *Acceptable Accounting Principles and Auditing Standards*, for financial statements delivered by registrants.

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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of UTAM 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.

Emphasis of matter – basis of accounting and restriction on use

We draw attention to note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist UTAM in complying with the requirements of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for UTAM and the Ontario Securities Commission, and should not be used by parties other than UTAM or the Ontario Securities Commission. Our opinion is not modified in respect of this matter.

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 the financial reporting framework specified in paragraph 3.2(3)(a) of National Instrument 52-107, *Acceptable Accounting Principles and Auditing Standards*, for financial statements delivered by registrants, 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 UTAM'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 UTAM or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing UTAM's financial reporting process.

→ Continued on page 44

INDEPENDENT AUDITOR'S REPORT

Continued from page 43

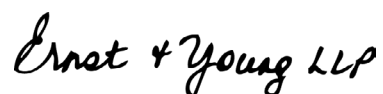
Auditor's responsibilities for the audit of the financial statements

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 auditor's 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 scepticism 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 UTAM's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 UTAM's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause UTAM 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.

The logo for Ernst & Young LLP, featuring the company name in a stylized, handwritten-style font.

Toronto, Canada
March 25, 2021

Chartered Professional Accountants
Licensed Public Accountants

STATEMENTS OF FINANCIAL POSITION

As at December 31

	2020	2019
	\$	\$
Assets		
Current		
Cash	84,956	73,751
Due from University of Toronto <i>[notes 6[a] and [e]]</i>	243,857	808,716
Accounts receivable	94	4,674
Realty taxes recoverable	—	54,766
Prepaid expenses	576,850	107,850
Total current assets	905,757	1,049,756
Capital assets, net <i>[note 4]</i>	712,661	779,965
	1,618,418	1,829,721
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	518,760	500,940
Total current liabilities	518,760	500,940
Deferred capital contributions <i>[note 5]</i>	712,661	779,965
Deferred incentive bonuses <i>[note 6[f]]</i>	293,735	459,326
Deferred lease costs	93,262	89,491
Total liabilities	1,618,418	1,829,722
Net assets	—	—

See accompanying notes

On behalf of the Board:


Director


Director

STATEMENTS OF NET INCOME, COMPREHENSIVE INCOME AND CHANGES IN NET ASSETS

Years ended December 31

	2020	2019
	\$	\$
Expenses [note 6]		
Staffing	6,121,300	4,648,613
Communications and information technology support	641,634	480,175
Consulting fees	303,521	499,408
Occupancy	291,689	285,651
Professional fees	218,903	204,534
Amortization of capital assets	200,216	188,229
Office supplies and services	107,545	103,950
Travel	22,336	161,938
	7,907,144	6,572,498
Recoveries and other income		
Recoveries from University of Toronto [note 6]	7,706,928	6,384,269
Amortization of deferred capital contributions [note 5]	200,216	188,229
	7,907,144	6,572,498
Net income and comprehensive income for the year	—	—
Net assets, beginning of year	—	—
Net assets, end of year	—	—
See accompanying notes		

STATEMENTS OF CASH FLOWS

Years ended December 31

	2020	2019
	\$	\$
Operating activities		
Net income and comprehensive income for the year	—	—
Add (deduct) items not involving cash		
Amortization of capital assets	200,216	188,229
Amortization of deferred capital contributions	(200,216)	(188,229)
Deferred incentive bonuses	474,284	(8,347)
Deferred lease costs	3,771	2,615
Net change in non-cash working capital balances related to operations		
Due to/from University of Toronto	(75,016)	293,569
Accounts receivable	4,580	(4,674)
Realty taxes recoverable	54,766	44,275
Prepaid expenses	(469,000)	(57,882)
Accounts payable and accrued liabilities	17,820	(312,336)
Cash provided by (used in) operating activities	11,205	(42,780)
Investing activities		
Purchase of capital assets	(133,512)	(23,797)
Cash used in investing activities	(133,512)	(23,797)
Financing activities		
Deferred capital contributions to fund purchase of capital assets	133,512	23,797
Cash provided by financing activities	133,512	23,797
Net increase (decrease) in cash during the year	11,205	(42,780)
Cash, beginning of year	73,751	116,531
Cash, end of year	84,956	73,751
<i>See accompanying notes</i>		

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

1. RELATIONSHIP WITH THE UNIVERSITY OF TORONTO

University of Toronto Asset Management Corporation [“UTAM”] is a corporation without share capital incorporated on April 25, 2000 by the Governing Council of the University of Toronto [the “Governing Council”] under the Corporations Act (Ontario) in Canada. UTAM is a non-profit organization under the *Income Tax Act* (Canada) and, as such, is exempt from income taxes. UTAM is registered as a portfolio manager in Ontario. UTAM is domiciled in the Province of Ontario, Canada and its registered office address is at 777 Bay Street, Suite 2502, Toronto, Ontario, Canada.

UTAM was formed by the University of Toronto [“U of T”] to engage in professional investment management activities in order to manage the investment assets of U of T, which currently comprise its Endowment Fund, Expendable Fund and Pension Plan, through a formal delegation of authority and investment management agreement between UTAM and U of T. The pension plan stakeholders of U of T and two other Ontario universities have developed a new jointly sponsored multi-employer pension plan, the University Pension Plan Ontario [“UPP”], which was formally established on January 1, 2020, to cover employees, retired employees and other members in the existing plans at all three universities. The assets and liabilities of the University’s registered pension plan will be transferred to the UPP as at July 1, 2021, the effective date of the commencement of accrual of the benefits and contributions under the UPP. When the transfer of pension-related assets occurs, this may impact UTAM’s relationship with U of T in the management of its pension-related assets.

The financial statements of UTAM were authorized for issue by the Board of Directors on March 15, 2021.

2. BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with the financial reporting framework specified in paragraph 3.2(3)(a) of National Instrument 52-107, *Acceptable Accounting Principles and Auditing Standards* for financial statements delivered by registrants [the “framework”]. This framework requires the financial statements be prepared in accordance with International Financial Reporting Standards [“IFRS”], except that any investments in subsidiaries, jointly controlled entities and associates must be accounted for as specified for separate financial statements in IAS 27, *Consolidated and Separate Financial Statements*. The financial statements have been prepared by management to meet the requirements of National Instrument 31-103, *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, and as a result, the financial statements may not be suitable for another purpose.

These financial statements present the financial position, financial performance and cash flows of UTAM as a separate legal entity. The securities representing the investments of the funds of U of T are held on behalf of U of T in the names of such trustees or nominees as may be directed by UTAM, but not in the name of UTAM.

UTAM manages U of T’s Endowment Fund, Expendable Fund and Pension Plan investments, through a formal delegation of authority and investment management agreement between UTAM and U of T.

The financial statements of UTAM have been prepared on a going concern basis and on the historical cost basis. UTAM’s presentation currency is the Canadian dollar, which is also its functional currency.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are summarized as follows:

Critical accounting estimates and judgments

The preparation of financial statements in conformity with the framework requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of recoveries and expenses during the reporting period. Actual results could differ from those estimates.

UTAM based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of UTAM. Such changes are reflected in the assumptions when they occur.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics or UTAM's designation of such instruments. UTAM has classified all of its financial assets as loans and receivables, and all of its financial liabilities as other financial liabilities. All of UTAM's financial instruments are carried at either cost or amortized cost and are short-term in nature. Unless otherwise noted, it is management's opinion that UTAM is not exposed to significant risks arising from these financial instruments.

UTAM's management has established a control environment that endeavours to ensure significant operating risks are reviewed regularly and that controls are operating as intended, including assessing and mitigating the various financial risks that could impact UTAM's financial position and financial performance.

Market risk

Market risk is the risk of a financial loss resulting from adverse changes in underlying market factors, such as interest rates, foreign exchange rates and equity prices. A description of each component of market risk is described below:

[i] Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the future cash flows or fair values of financial instruments. As at December 31, 2020 and 2019, UTAM has no significant assets or liabilities subject to interest rate risk.

[ii] Currency risk

Currency risk is the risk that fluctuations in exchange rates will result in losses to the Company on monetary assets and liabilities denominated in foreign currencies. While certain expenses are paid in foreign currencies, these amounts are not significant. As at December 31, 2020 and 2019, UTAM has no significant assets or liabilities denominated in a foreign currency and has no significant exposure to currency risk.

[iii] Other price risk

Other price risk is the risk of gain or loss due to the changes in the price and the volatility of individual equity instruments and equity indices. UTAM is not exposed to other price risk as at December 31, 2020 and 2019.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

Liquidity risk

Liquidity risk is the risk that UTAM will encounter difficulties in meeting obligations associated with financial liabilities. UTAM monitors its current and expected cash flow requirements to ensure it has sufficient cash to meet its liquidity requirements. The operations of UTAM are funded by U of T.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. UTAM does not have a significant exposure to any individual counterparty, except for U of T, which funds its operations. Therefore, credit risk is not a significant risk to UTAM as at December 31, 2020 and 2019.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	Term of lease
IT infrastructure equipment	5 years
Audio-visual and communications equipment	5 years
Furniture	5 years
Personal computers and software	3 years

Revenue recognition

Recoveries from U of T are recorded when expenses are incurred. Recoveries related to the purchase of capital assets are deferred and amortized over the life of the related capital asset.

Employee future benefits

UTAM's contributions to U of T's employee future benefit plans are expensed when due [note 6[b]].

Foreign currency translation

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into the functional currency at rates prevailing at the year-end. Gains and losses resulting from foreign currency transactions are included in the statements of net income, comprehensive income and changes in net assets.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

4. CAPITAL ASSETS

Capital assets consist of the following:

	Leasehold improvements \$	IT infrastructure equipment \$	Audio- visual and communications equipment \$	Furniture \$	Personal computers and software \$	Total \$
Cost						
Balance, January 1, 2019	886,659	295,447	56,805	67,027	183,682	1,489,620
Additions	—	—	—	9,018	14,779	23,797
Balance, December 31, 2019	886,659	295,447	56,805	76,045	198,461	1,513,417
Additions	38,047	11,492	—	37,460	46,513	133,512
Balance, December 31, 2020	924,706	306,939	56,805	113,505	244,974	1,646,929
Accumulated amortization						
Balance, January 1, 2019	185,218	190,711	24,615	28,197	116,482	545,223
Amortization	87,934	41,348	11,361	14,239	33,347	188,229
Balance, December 31, 2019	273,152	232,059	35,976	42,436	149,829	733,452
Amortization	89,541	41,961	11,361	17,082	40,871	200,816
Balance, December 31, 2020	362,693	274,020	47,337	59,518	190,700	934,268
Net book value						
Balance, December 31, 2019	613,507	63,388	20,829	33,609	48,632	779,965
Balance, December 31, 2020	562,013	32,919	9,468	53,987	54,274	712,661

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

5. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of recoveries from U of T received in connection with the purchase of capital assets. The amortization of deferred capital contributions is recorded as income in the statements of net income, comprehensive income and changes in net assets.

The continuity of deferred capital contributions is as follows:

	2020	2019
	\$	\$
Balance, beginning of year	779,965	944,397
Recoveries received during the year related to capital asset purchases	133,512	23,797
Amortization of deferred capital contributions	(200,816)	(188,229)
Balance, end of year	712,661	779,965

6. RELATED PARTY TRANSACTIONS

UTAM is affiliated with and controlled by U of T.

- [a] In accordance with an Investment Management Agreement dated November 26, 2008 between the Governing Council and UTAM [the "Agreement"], U of T will reimburse UTAM for its services an amount which will enable it to recover the appropriate costs to support its operations. As at December 31, 2020, \$243,857 is due from U of T as a result of the actual cost of operations exceeding reimbursements [2019 - \$808,716 due to U of T].
- [b] Certain eligible employees of UTAM are members of U of T's pension plan and participate in other employee future benefit plans offered by U of T. U of T's employee future benefit plans are defined benefit plans. In accordance with the Agreement, U of T pays for UTAM's employee benefits. In 2020, contributions of \$387,671 [2019 - \$334,444] related to these plans have been expensed in UTAM's financial statements.
- [c] UTAM obtains certain services from U of T, such as payroll services and some IT services. There is a charge for some of these services, which is reimbursed by U of T in accordance with the Agreement. In 2020, these services totalled \$69,480 [2019 - \$66,013].
- [d] The Governing Council entered into a lease with a term of ten years commencing December 1, 2016 for premises occupied by UTAM. Under this lease, UTAM will incur annual expenses of approximately \$169,000 over the term of the lease, which represents the minimum rent component of the lease obligations.

In addition to the above minimum rent payments, there are additional payments in respect of operating costs that are subject to change annually based on market rates and actual usage. These costs totalled \$107,620 [2019 - \$102,586] in 2020. These expenses are reimbursed by U of T in accordance with the Agreement.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

[e] Transactions with U of T are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration agreed to by the parties. Amounts due to/from U of T are non-interest bearing and due on demand.

[f] Commencing 2017, UTAM implemented a new incentive bonus plan for the senior management team, replacing the previous plan, whereby the majority of the incentive bonus payments continue to be directly related to and, vary with, the actual performance of U of T's investment portfolios compared to passive benchmark portfolios, but now only over a four-year measurement horizon. In addition, a portion of the incentive bonus continues to be subject to mandatory deferral over a service period and paid at specified dates during that service period. The expense for deferred incentive bonus awards is recognized when paid out to employees that remain entitled to receive them and are remeasured at each applicable date as specified under the incentive bonus plan with remeasurement gains or losses recognized in net income. Under this incentive bonus plan, a portion of each year's incentive bonus awards is expensed in that year, with the remaining deferred amounts recorded as an expense in future years. As at December 31, 2020, as much as approximately \$467,713, \$123,251, and \$89,673 plus an adjustment for the performance of U of T's investment portfolios, could be recorded as an expense in 2021, 2022 and 2023, respectively, under this deferred arrangement on a cumulative basis.

Additionally, participants in the incentive bonus plan have the irrevocable option to voluntarily defer receipt of all or part of their immediate awards in order to receive them at the same defined dates as applied to mandatory deferred awards. These voluntary deferrals are remeasured at each applicable date as defined in the incentive bonus plan with remeasurement gains or losses recognized in net income. As these voluntarily deferred awards vest immediately, they are expensed in the year in which they are earned and reflected as liabilities, adjusted by applicable remeasurement gains or losses during the deferral period, until paid. As at December 31, 2020, \$293,735 [2019 – \$459,326] in incentive bonuses adjusted for remeasurement gains or losses have been deferred under the new incentive plan.

[g] Transactions with key management personnel

Compensation of UTAM's key management personnel during the year ended December 31 is as follows:

	2020	2019
	\$	\$
Short-term employee benefits	2,495,373	1,913,615
Post-employment benefits	180,768	176,273
Other long-term benefits	8,762	9,289
	2,684,903	2,099,177

Short-term employee benefits include amounts related to the variable incentive bonus awards [note 6[f)].

7. CAPITAL MANAGEMENT

In managing capital, UTAM focuses on liquid resources available for operations. U of T provides funds as required to allow UTAM to meet its current obligations. As at December 31, 2020 UTAM has sufficient liquid resources to meet its current obligations.

UTAM TEAM

As of March 31, 2021

UTAM is the investment manager of the University of Toronto's Pension, Endowment and short-term working capital assets. UTAM's Board delegates day-to-day investment management activities to UTAM. Our team of almost 30 professionals works closely with the Board, the expert Investment Committee, the university administration and various governance bodies in our management of the university's assets.

INVESTMENTS

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CFA, CAIA, FRM, FCIA, FSA, MSc, MA
President and Chief Investment Officer

Stephanie Zed
Executive Assistant

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OPERATIONS

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Chief Compliance Officer

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Director, Operations

Oleander Li CFA, MBA
Senior Manager, Compliance and Legal

Toan Duong CPA, CMA
Manager, Investment Operations

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