



February 22, 2023

TO: Principals, Deans, Academic Directors and Chairs
Divisional Business and Financial Officers via AMS listserv

SUBJECT: Endowment Payout to be Distributed in April 2023

The endowment payout for 2023 will be \$9.55 per unit, an increase of 2% over last year's payout rate. The annual payout will be distributed by Tuesday, April 18, 2023.

During this period of economic uncertainty, payout from the University's endowment must balance the need to address the impact of persistently high inflation with the need to preserve the value of the endowment during the current downturn in investment markets. The payout rate for this year takes into consideration:

- The increase of 2% in the payout rate per unit follows a 10% increase last year, acknowledging ongoing inflationary impacts.
- The payout of \$9.55 per unit for fiscal 2023 represents 4.0% of the 5-year average market value of the endowment. This falls within the target 3% to 5% corridor for endowment spending that is currently in place. The distribution will provide a total of \$115 million to beneficiaries.
- The investment return from May to December 2022 was significantly below the target return. The payout will likely require spending from the endowment reserve for preservation of capital, which was \$386 million as of April 30, 2022.

University endowment funds are indispensable to our pursuit of excellence, equity, and global impact as they provide a permanent and stable source of funding for scholarships, Chairs, and other vital priorities.

More information is available in the endowment annual financial report, which is accessible at <http://finance.utoronto.ca/reports/endowment/>. If you have any questions about the payout for this year, please contact Jenny Cheng, Manager of Restricted Fund Accounting via email: jenny.cheng@utoronto.ca.

Trevor Rodgers
Chief Financial Officer