

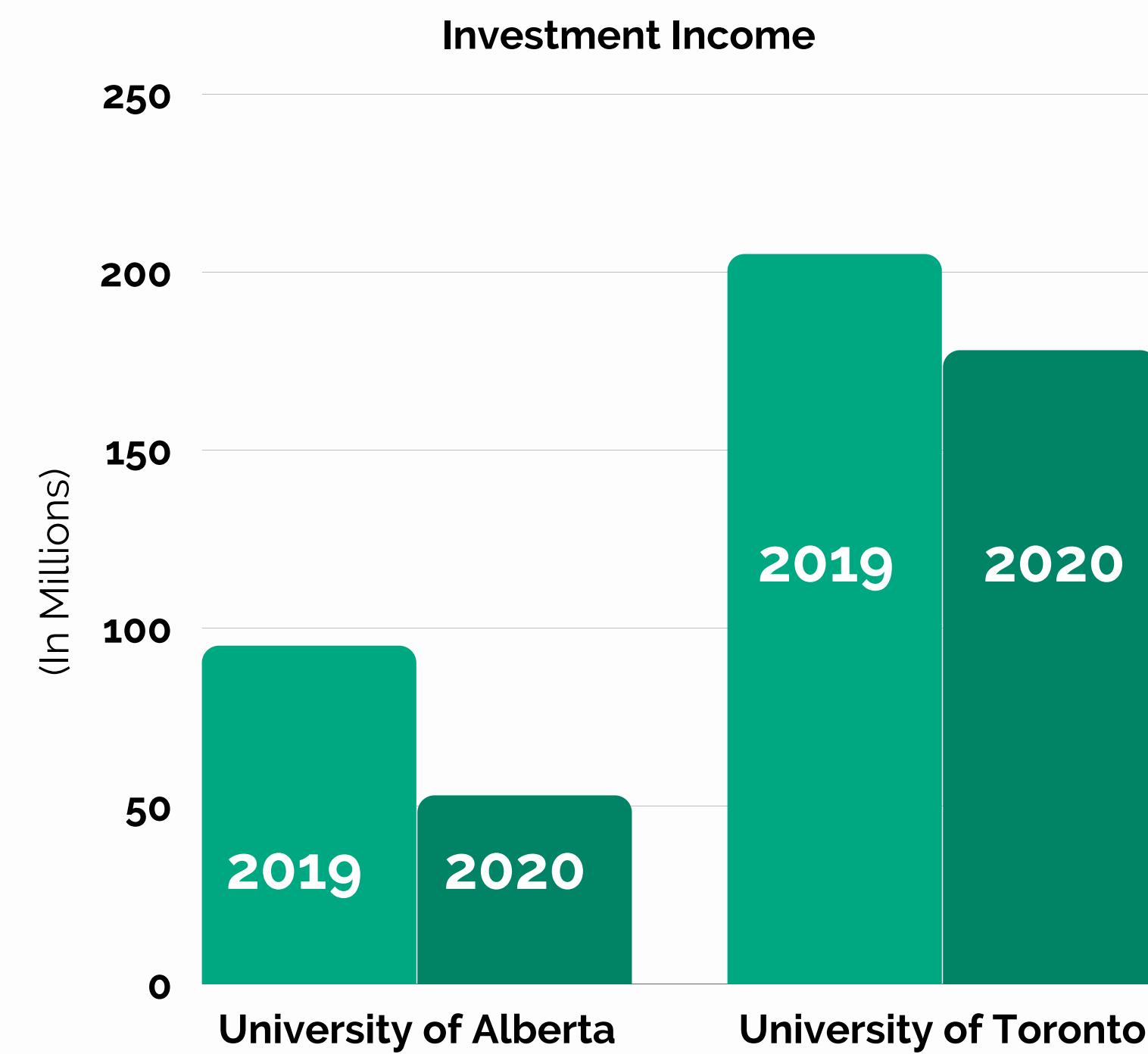
The Financial Shock from COVID-19 to Canadian University Endowment's: The Reaction, Response & Implications

AP/WRIT 3988 - Effective Research & Writing

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CONTEXT

- COVID-19 swept the nation, destroying the financial markets and investment portfolio's
- Demand for endowment fund payouts increased on average by 5.08% due to higher operational costs
- Provincial governments are announcing plans to reduce grants to post-secondary institutions
- Potential losses from COVID-19 to Canadian universities are estimated between \$377 million to \$3.4 billion



(Retrieved from Universities 2019/2020 Financial Reports)

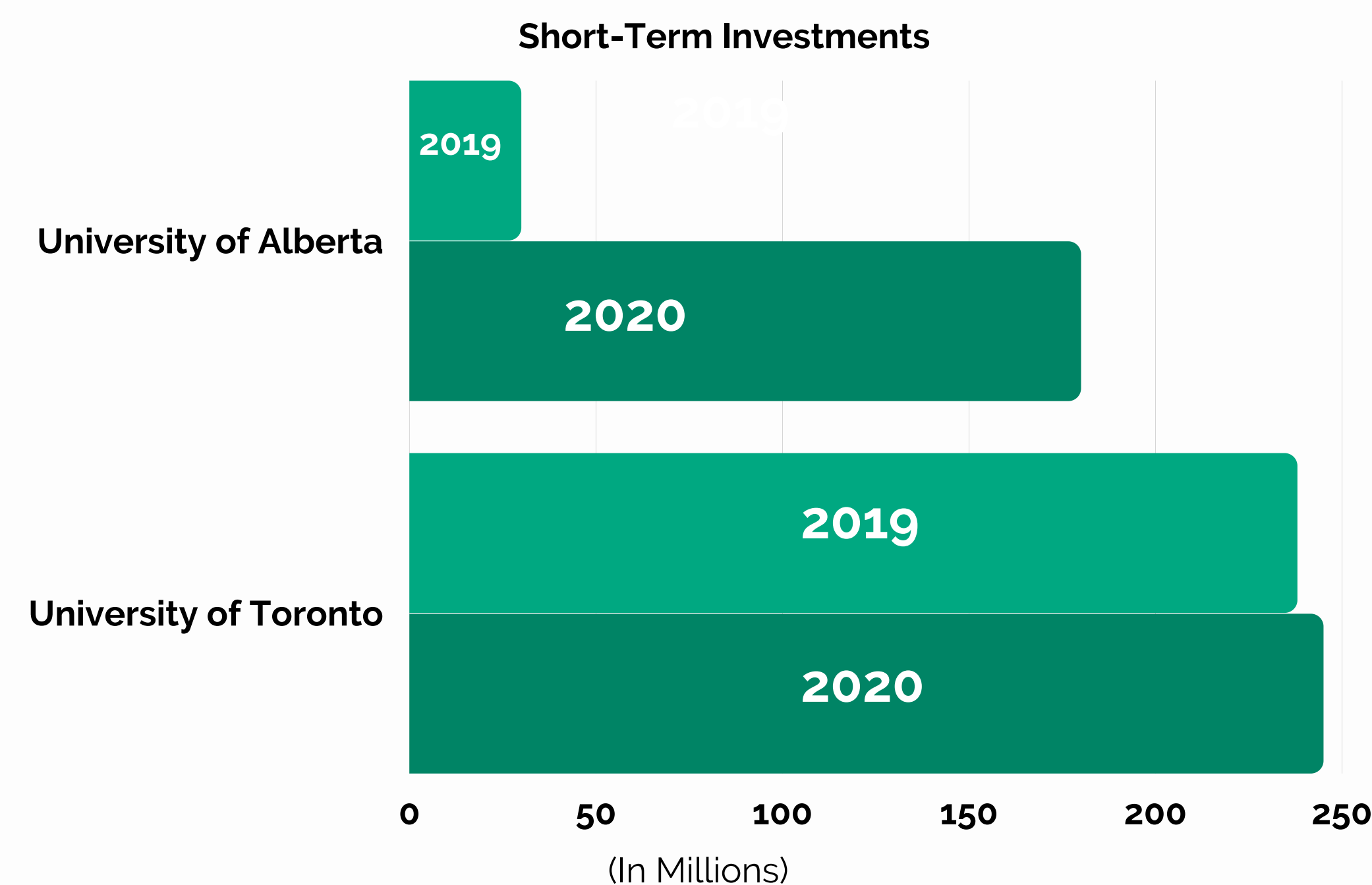
OBJECTIVES

- Examine where Canadian university endowments are transitioning their portfolio allocation to suppress adverse shocks in the market
- Determine if the transitions are consistent with historical trends during economic crises
- Analyze and conclude the effects on intergenerational wealth for educational institutions

With high levels of public debt and additional pressures induced by the pandemic on all major investment vehicles, how are university endowments responding to reinforce its mission in perpetuity?

METHODS

- Quantitative approach using university financial statements to analyze income and revenue fluctuations
- Theoretical finance to outline the models of endowment asset allocation strategies
- Used behavioural finance to highlight the basis for investment decision-making and risk-tendencies



(Retrieved from Universities 2019/2020 Financial Reports)

RESULTS

- Increase in **short-term** assets
- The need to **balance intergenerational wealth** with **present payout demands**
- Increased **portfolio diversification** will **reduce risks** over the **long-term**
- Endowment **hoarding deception** hypothesis