

**2025 ANNUAL REPORT FOR THE
UNIVERSITY OF REGINA
TRUST AND ENDOWMENT FUND**

University
of Regina



The University of Regina Trust & Endowment Fund – Overview

The University of Regina Trust & Endowment Fund (TEF) consists of 429 nonexpendable endowed trust accounts and 173 expendable non-endowed trust accounts. Each individual account was created for a specific purpose such as a scholarship and has terms of reference which govern the use of the funds. In addition, the University has institutional policies which govern the administration of the TEF with which each individual trust account must comply. As at December 31, 2025, the fair market value of the TEF was \$187.0 million (2024 - \$165.8 million). \$184.2 million of the TEF was managed by contracted professional investment managers and \$2.8 million was allocated to the UR Investing program in the Faculty of Business Administration.

Oversight of the TEF is provided by the Trust & Endowment Committee (TEC), which is a five person subcommittee reporting to the University of Regina Board of Governors. TEC members are employees and persons appointed by the Board of Governors. The TEC operates in accordance with terms of reference approved by the Board. The TEC makes operational decisions regarding the TEF and makes recommendations to the Board for approval on significant matters, in accordance with the terms of reference.

The TEC works closely with investment consultants, Aon, to monitor and manage the TEF. Annually, the Statement of Investment Policies and Goals is updated by the TEC with the advice of Aon. The TEF portfolio consists of diversified investment accounts investing in domestic and international equities, fixed income, real estate and infrastructure. The goal of the annual update of investment asset mix is to obtain the required rate of return for the TEF within an acceptable level of investment risk. The primary long-term objective of the TEF is to generate a minimum annualized rate of return after inflation of 4% which is the rate necessary to support an annual expenditure of 4% of the endowed trust accounts in perpetuity. This objective enables endowed scholarship funds to pay out annual scholarships of 4% of the fund balance forever while maintaining the purchasing power of both the annual scholarship and the remaining trust fund balance.

Later in this report, investment returns are compared to “benchmark returns.” Those benchmark returns are established in relation to specific investment asset classes and economic circumstances to assess investment performance, but the underlying primary objective remains to generate a real rate of return of 4% per year. As at December 31, 2025, the TEF exceeded this primary objective over both the four- and ten-year investment periods.

Almost all TEF funds are invested as a pool of funds through several investment managers. The majority of the investment managers employed are also employed by the University of Regina Pension Master Trust Fund. By employing the same investment managers for the TEF and the University’s two defined benefit pension plans, each can be managed as separate funds, yet combined for investment manager fee calculations. This enables economies of scale to be

reached which results in lower investment manager fees for both the TEF and the pension funds.

The one exception to all TEF funds being invested as a pool is in relation to the UR Investing program. Specific trust funds have designated that part of its assets be invested by UR Investing, with the resulting investment gains or losses being attributed directly back to those specific trust funds. UR Investing assets and investment returns are not comingled with the other TEF assets. As at December 31, 2025, \$2.8 million of the TEF assets were managed by UR Investing.

UR Investing is a program within the University of Regina Faculty of Business Administration. It is a structured program for degree credit which enables University students to learn about investments using real money and investing in real stock market investments through an external stockbroker. The program is an example of the programs used to achieve the University's strategic goal of providing students with experiential learning environments.

The remainder of this report has been written by investment consultants, Aon. The report analyzes in detail the performance of the investment portfolio held by the TEF. The purpose of this analysis is to provide past, present and future benefactors to the University of Regina with information regarding the sound investment management practices employed by the University of Regina to ensure that the maximum benefit is derived from their gifts to the University.

Review of 2025 Investment Performance

The Markets

2025 was an unexpectedly strong year for global markets, characterized by resilient growth, AI-driven tech leadership, and a change in leadership with international equities outperforming U.S. equity markets. Despite trade tensions, inflation, and geopolitical issues, equities hit record highs with some markets returning over 30%, bolstered by AI and easing, though volatile, monetary policies.

In Canada, the dominant story in 2025 was a fragile economy marked by tariff uncertainty. The trade war contributed to slower full-time hiring, supply chain disruptions and a contraction in growth in the second quarter. Even so, Canada avoided a recession and demonstrated resilience in many areas. Employment data through November and the third-quarter GDP figures both showed a strong rebound.

Central bank policy remained a major driver of capital markets throughout 2025. Both the Bank of Canada and the U.S. Federal Reserve cut interest rates multiple times over the year. The Bank of Canada lowered its overnight rate by a total of 1.00 percentage point, ending 2025 at 2.25%. The Federal Reserve reduced the federal funds rate by 0.75 percentage points, finishing the year in a range of 3.50% to 3.75%.

Equities

Public equity markets in 2025 continued to push higher following strong calendar years in 2023 and 2024. The S&P/TSX Composite was up 31.7%, the S&P 500 gained 12.4%, the MSCI World Index advanced 15.4%, and the MSCI EAFE Index rose 25.1%. However, volatility was elevated amid uncertainty surrounding tariffs and global geo-political conflict.

Canadian equity markets were one of the strongest markets globally. All 11 GICS sectors were positive in 2025, but materials stood out, rising 100.6%, driven by gold-related stocks as the price of gold moved sharply higher in the year. This outsized move proved challenging for institutional asset managers, who as a group tend to underweight gold stocks due to the cyclicity of their earnings. As a result, many active Canadian equity strategies struggled to beat the benchmark in 2025.

U.S. equity markets experienced a volatile but ultimately positive year returning 12.4%. Within the U.S. equity market, the story shifted and it was no longer just about the “Magnificent 7”. As concerns grew over the high valuations and concentration risk associated with those big tech names, investors started spreading out into a broader range of companies, especially those seen as better value.

Global equity markets outside Canada and the U.S. also delivered strong results in 2025,

although returns varied by region and sector. The MSCI All Countries World Index finished the year higher in Canadian dollar terms, despite an early-year pullback tied to the AI-led sell-off and tariff uncertainty. As the year progressed, sentiment improved: EAFE markets benefited from a resurgence in industrials, while emerging markets were supported by the strength of Korean and Taiwanese equities and, later in the year, renewed interest in Chinese equities.

Fixed Income

2025 was a difficult year for bonds as central banks continued to cut interest rates around the globe. Throughout the year, short term yields dropped in Canada as the Bank of Canada lowered interest rates while the long end of the yield curve rose. In terms of duration, medium term bonds performed the best, generating a 4.0% return, short duration bonds returned 3.9% and long duration bonds fell by 0.7%. Overall, the FTSE Canada Universe Bond Index returned a modest 2.6% in 2025.

Canadian Real Estate

The Canadian real estate market posted a 1.3% return in the year (MSCI/REALpac Canada Quarterly Property Fund Index). Income remained a key driver of performance in 2025 as property values continued to depreciate, however the Canadian real estate market ended the year in a cautious recovery. High mortgage-renewal costs and soft consumer spending limited momentum, even as rate cuts provided partial relief. Retail was comparatively resilient, led by necessity-based tenants and stronger performance from dominant regional centres. Industrial properties entered a normalization phase as new supply slowed and pandemic-era demand normalized, while office conditions improved only gradually, with interest concentrated in prime Toronto assets.

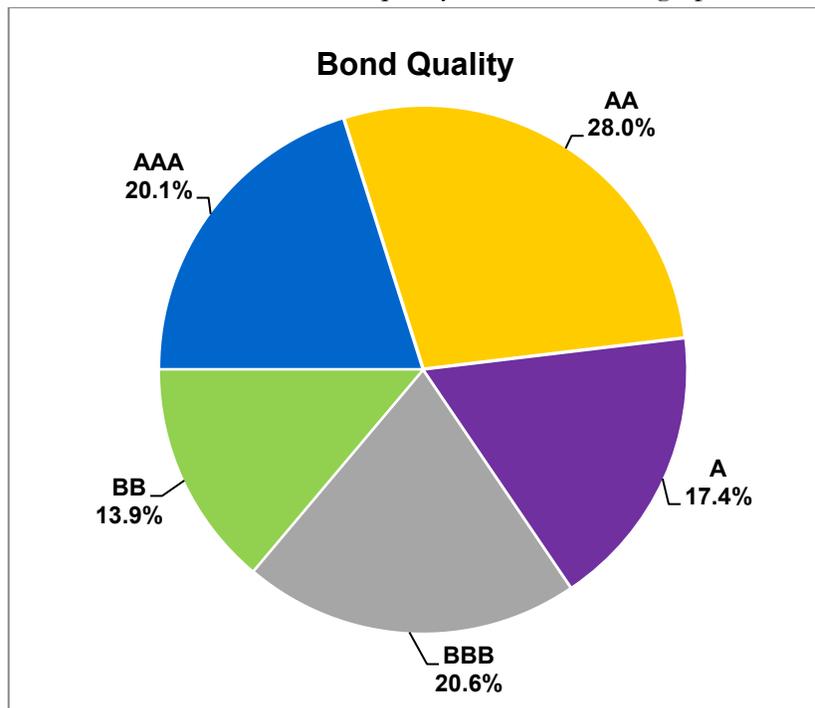
Global Infrastructure

The Global infrastructure market posted a strong 8.7% return (DJ Brookfield Global Infrastructure Index, stated in CAD) in 2025. Investment focused on renewable energy, power grids, transportation networks, and AI-driven data infrastructure. These essential assets provided defensive income, inflation sensitivity, and exposure to the ongoing transition toward more sustainable, technology-enabled economic growth. However, as this index is USD domiciled, and in 2025 the CAD appreciated relative to the USD, this led to lower returns for Canadians holding USD based infrastructure funds (e.g., KKR).

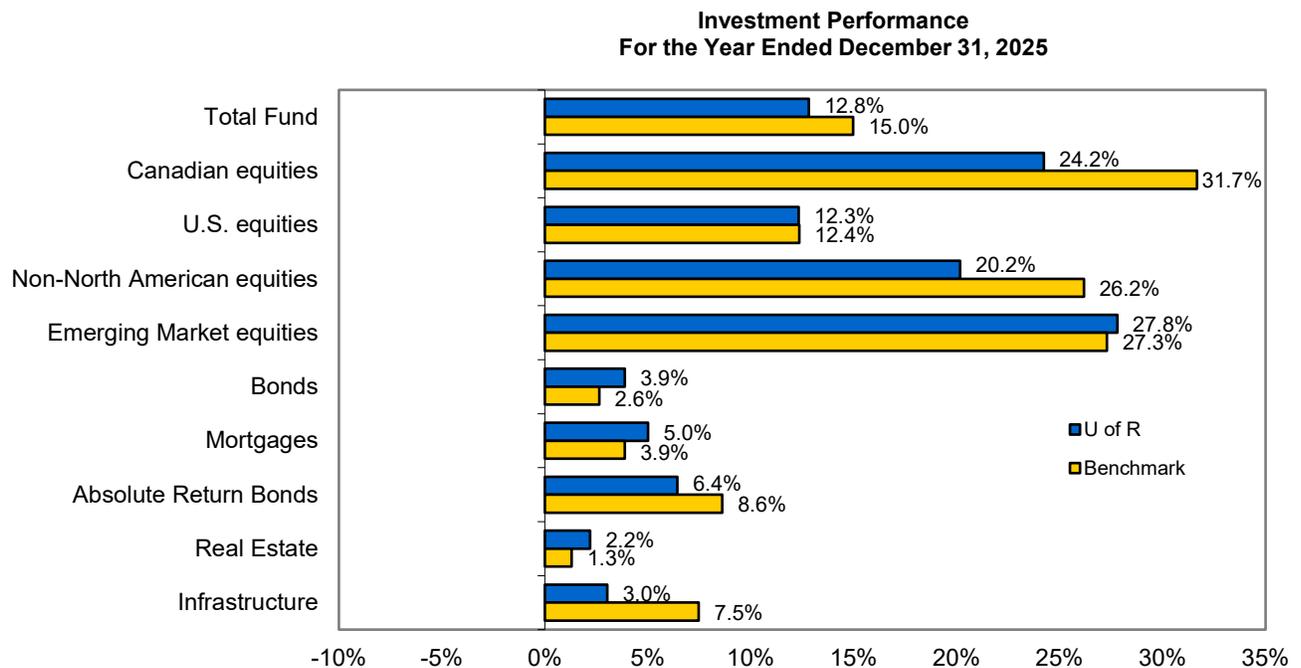
Plan Overview

Investment Performance (excluding UR Investing) - 2025

- The University of Regina Trust and Endowment return was 12.8% in 2025.
- The Total Fund return lagged the 15.0% benchmark return. Value subtracted was primarily driven by underperformance from weak results in Non-North American Equity.
- Asset class results included:
 - Canadian Equities – Both Canadian Equity funds had strong absolute returns but lagged the exceptionally strong S&P/TSX in the year. PH&N returned 29.5%, subtracting 2.2% from the Index and Mawer returned 19.2%, subtracting 12.5% from the Index. PH&N lagged due to stock selection in Financials, Info Tech, and Consumer Staples. Mawer lagged largely due to stock selection within Materials, Info Tech, and Financials.
 - In the U.S. equity market, BlackRock’s performance tracked tightly to the 12.4% S&P 500 return, which is the objective for this passive strategy.
 - The non-North American equity manager, Mawer, lagged the 26.2% MSCI All Country World ex USA Index, earning 20.2% in the year. Mawer’s underperformance was driven primarily by stock selection within Industrials, Financials, and Materials.
 - BlackRock manages emerging market equities passively for the Trust and Endowment Fund and returned 27.8% in the year, 0.5% ahead of the MSCI Emerging Market Index.
 - PH&N manages mandates in Universe Bonds and Mortgages. Over the year, PH&N’s bonds returned 3.9%, outperforming the FTSE Canada Universe Bond Index by 1.2%. Mortgages returned 5.0% versus the 3.9% FTSE Canada Short Term Bond Index. PH&N primarily holds investment grade bonds, with 13.9% of the portfolio in bonds rated below BBB. The breakdown of the bond quality is shown in the graph below.



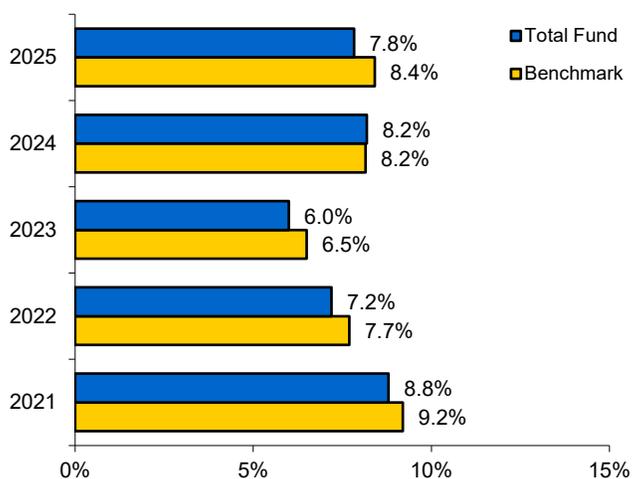
- The BlackRock Absolute Return Bond strategy invests in global fixed income assets, and generally has low interest rate sensitivity, to shield against the negative impacts of rising interest rates. In the year, the strategy returned 6.4%, below the 8.6% USD LIBOR +4% return target, but well above the 2.6% Universe Bond Index result. The BlackRock strategy has a 3.9-year duration versus 6.9 years for the Universe Bond Index, meaning it has a little over one-half of the interest rate sensitivity.
- The Real Estate portfolio returned 2.2% in 2025, outperforming the MSCI/REALPAC Canada Quarterly Property Fund Index by 0.9%. Performance in 2025 was driven by strong income and rising market values of stabilized properties, which was partly offset by higher development-related capital costs and negative mortgage revaluations from lower bond yields. This resulted in modest returns and overall capital depreciation for the Fund.
- KKR global infrastructure returned 3.0% in the year, underperforming the CPI + 5% benchmark by 4.4%. The Fund’s return was hurt by the Canadian dollar strengthening against the U.S.-dollar-denominated assets, as the Fund returned 8.3% in US\$ terms. 2025 returns reflected the Fund’s core-infrastructure profile, with steady cash income and modest valuation gains from regulated and contracted assets rather than sharp multiple expansion.



Investment Performance – Rolling Four-Year Returns

- One of the Fund’s investment objectives is to exceed the benchmark return over rolling four-year periods. The 7.8% Total Fund return lagged the benchmark by 0.6% over the past four years. The following chart provides the longer-term track record of the Fund, with each period a rolling four-year result. Over the past 10 years, the Total Fund return was 8.5% per year, which was 0.3% below the benchmark return.

**Total Fund
Rolling Four-Year Returns**



Investment Performance – Relative to Peers

- In addition to monitoring performance relative to the benchmark return, the Fund performance can be put in perspective by comparing the result against those of a universe of institutional funds. The following table shows the Total Fund return and individual asset class returns relative to other funds in the Aon Peer Universes over the past year and four-year periods.
- The 2025 Total Fund result of 12.8% matched the return of the median Balanced Fund manager within the Aon Balanced Fund Universe. Over the past four years, the Total Fund return of 7.8% was above the 7.3% median fund result.

2025 RELATIVE PERFORMANCE		
Asset Class	2025 Quartile ¹	4-Year Quartile ¹
Canadian equities	2	3
U.S. equities	2	2
Non-North American equities	3	4
Emerging Market equities	3	3
Bonds	1	2
Mortgages	4	4

Real Estate	2	2
Total Fund	M	2
¹ Indicates the placement of the return relative to the Aon Universe for institutional pooled funds. Quartile 1 include the top 25% of funds by return, Quartile 2 represents firms in the 26-49% range, M is the median return, and so on.		

- Asset class performance relative to respective universes of peer managers was mixed. In Canadian equities, the combined PH&N and Mawer structure was second quartile over the year and third quartile over four-years. Mawer’s non-North American equity strategy placed in the third quartile over the year and has struggled over four-years, ranking in the fourth quartile. BlackRock manages passive U.S. and Emerging Market equities; the peer group results continue to indicate that active management was rewarded in emerging markets over these periods, but passive U.S. Equity continues to outperform the median active manager. PH&N Bonds delivered strong value-add, ranking in the first quartile over the year and second quartile over four-years. Mortgages were below the peer universe median over one and four-years, ranking in the fourth quartile over both periods, reflecting PH&N’s conservative approach to Mortgages within the Fund. Bentall Real Estate was second quartile over the year and four-years.

Primary Investment Performance Objective

- The primary long-term objective is to earn in excess of a 4% real rate of return over the longer term. The real return is assessed as the Total Fund nominal return, net of inflation, as measured by the Canadian Consumer Price Index.
- The Total Fund real return was 4.3% over the past four years and 5.8% over the past ten years, on an annualized basis, above the 4.0% real return objective over 4 years and substantially surpassing the objective over 10 years.

Benchmark Portfolio Return and Asset Mix

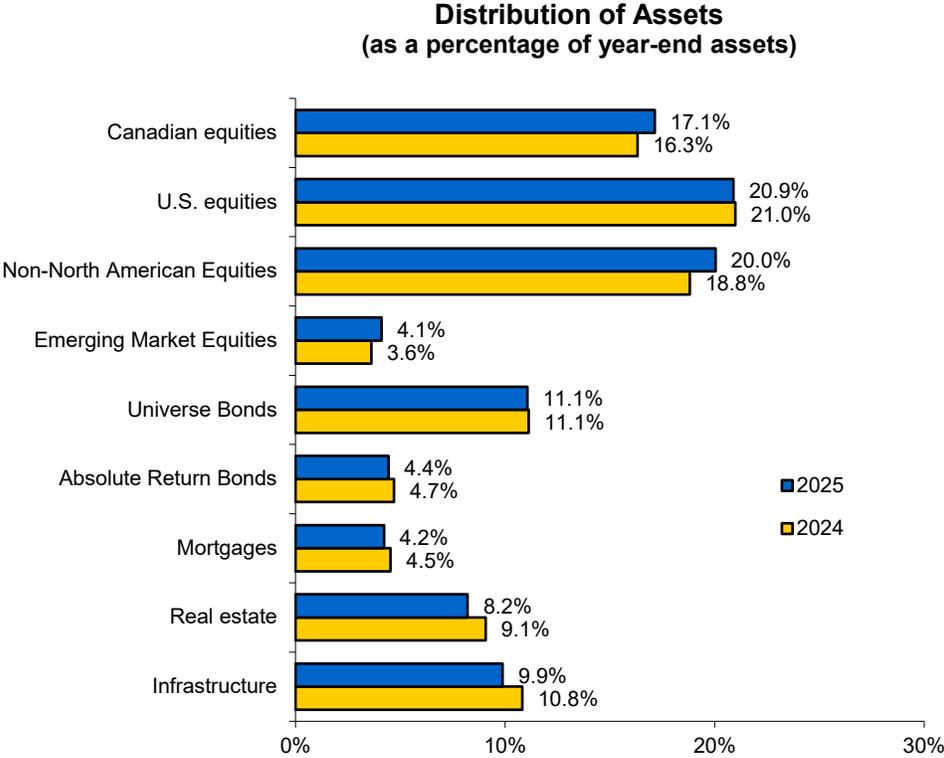
- The benchmark portfolio return is calculated by using index returns and target asset class weights. The current policy asset mix is shown below. Within the various asset classes, the objective is to exceed the relevant index return for actively managed mandates, and to track within 0.10% (U.S. Equity) and 0.35% (EM Equity) of the relevant index for passively managed mandates. In addition, the returns are evaluated on a relative basis to a universe of other investment manager returns.

Asset Class	2025 Benchmark Portfolio (Market Value %)
Canadian equities	16%
U.S. equities	19%
Non-North American	19%
Emerging Market equities	4%

Core Plus Bonds	12%
Absolute Return Bonds	5%
Mortgages	5%
Real estate	10%
Infrastructure	10%
Short-term investments	0%

The Trust and Endowment Fund

At the end of 2025, the Trust and Endowment Fund assets had a market value of \$184.2 million (excluding \$2.8 million of the TEF assets managed by the UR Investing program). This is up from \$163.3 million at the end of 2024, due to capital gains and investment income. The distribution of assets for the Trust and Endowment is shown below.



Distribution of Assets by Manager

At the end of 2025, PH&N managed 23.2% of the Trust and Endowment Fund assets in a domestic balanced mandate (Canadian equities and fixed income). Mawer manages both a Canadian and a non-North American equity mandate. BlackRock manages passive U.S. equity, Emerging Markets equity funds, and a global absolute return bond strategy. Bentall oversees the investments in real estate. KKR manages the investments in infrastructure.

Manager	Mandate	2025	2024
PH&N	Domestic Balanced	23.2%	23.3%
Mawer	Canadian and NNA Equities	29.2%	27.5%
BlackRock	U.S. Equities, EM Equities, and Absolute Return Bonds	29.4%	29.3%
Bentall	Real Estate	8.2%	4.6%
KKR	Infrastructure	9.9%	10.9%
Cash Account	Liquidity	0.0%	4.5%
		100.0%	100.0%