Investment Beliefs

The Consolidated Trust Fund of The Winnipeg Foundation is managed on the basis of the following investment beliefs:

1. Asset mix is the most important factor in determining the long-term investment performance of the Fund.
2. Given that Environmental, Social and Governance (ESG) factors are to generate higher and more consistent returns, we expect Responsible investment managers to integrate ESG factors into their decision-making process. ***(Revised September 21, 2021)***
3. Higher expected returns generally require an investor to assume higher risk and therefore demand that the investor exercise careful balance in judgement.
4. Diversification across and within asset classes offers the opportunity to reduce total portfolio risk.
5. In the longer term, equities will outperform bonds to compensate for higher risk.
6. Short-term tactical asset mix shifts are not expected to provide a consistent source of added value over the long-term.
7. Active management can reduce portfolio risk below market risk and potentially add value through security selection and sector allocation strategies. In more efficient markets, passive management is a reasonable option to gain low-cost broad market exposure, subject to an assessment of the risks associated with the characteristics of the market index being replicated.
8. There is not one investment style that will consistently add value over another in all market environments, and it is important to maintain exposure to a range of investment styles and approaches that incorporate both fundamental and quantitative research elements in order to maximize long-term returns.
9. A substantial allocation to foreign equities provides the potential for enhanced long-term returns while, at the same time increasing portfolio diversification and thereby decreasing portfolio risk.
10. It may be appropriate to retain more than one investment manager to provide asset class and style diversification.
11. The benefits of a specialty manager structure has the potential to more than compensate for the additional costs.
12. Over the long-term, currency movements will not have a significant effect on performance and currency exposures should not be explicitly hedged.
13. Effective implementation strategies at the investment manager, internal staff, and Committee level, can improve both returns and the risk profile of the Fund.
14. Alternative investments such as real estate, private equity, infrastructure and hedge funds may offer potential for diversification and/or enhanced returns but will impact the liquidity of the Fund.
15. The portfolio structure and related manager mandates should be aligned with investment beliefs.

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