

# RESPONSIBLE INVESTMENT: THE WINNIPEG FOUNDATION'S APPROACH

SUPPORTING COMMUNITY FOR GOOD. FOREVER.



THE  
WINNIPEG  
FOUNDATION



Your Community Foundation  
For Good. Forever.

FALL 2020

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## OUR VISION: A WINNIPEG WHERE COMMUNITY LIFE FLOURISHES FOR ALL.

The Winnipeg Foundation is **For Good. Forever.** We help people give back to our shared community by connecting generous donors with Causes they care about **For Good.** We're an endowment-based public foundation, so gifts are pooled and invested, and the annual earnings are granted back to the community **Forever.**

We strive to be a catalyst for strengthening community well-being, now and for future generations, by promoting philanthropy, creating partnerships and supporting diverse charitable organizations. Formed in 1921, we are proud to be the first community foundation in Canada.

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## WHAT WE BELIEVE:

## ENSURING SUSTAINABLE SUPPORT FOR CHARITABLE INITIATIVES

## HOW WE ACHIEVE IT:

## RESPONSIBLE INVESTMENT OF ENDOWMENT FUNDS

When the COVID-19 pandemic struck, The Winnipeg Foundation knew the community needed immediate support. Between March and July 2020, The Foundation distributed COVID-19-related grants totalling more than \$12.8 million. Read more on page 6. This support was possible because generations of donors have entrusted their gifts to The Foundation, and because their gifts are endowed using prudent financial management and Responsible Investment.

The Winnipeg Foundation is **For Good. Forever.** We were founded in 1921 – Canada’s first community foundation – with a \$100,000 gift from William Forbes Alloway. Our second gift came three years later – three gold coins valued at \$15. This solidified the idea that it’s not the size of the gift, but the act of giving that matters, and that we can achieve more by working together. In 1926, The Foundation received its first bequest from Elizabeth Alloway.

As the size of our endowment surpassed \$1 billion at the end of fiscal 2019, and we now enter our centennial in 2021, it is of utmost importance to clearly articulate the philosophy behind our community impact and investment strategy.

The Foundation supports a wide variety of charitable organizations and projects annually. In 2019, this support surpassed \$500 million in cumulative grants.

In 2020 alone, distributions will total more than \$70 million and reach approximately 1,000 community organizations. In order to ensure continuing community support at this level, we believe it is our responsibility to make the highest returns while exercising prudent stewardship. We engage within the realm of Responsible Investing, which includes environment, social and governance (ESG) considerations. Our Spending Policy carefully balances annual disbursement patterns with long-term investment returns.

This document lays out The Foundation’s impact, investment approach and policies, and some of the unique ways we are supporting our community.

As always, if you have questions about any of the information contained in this document, please don’t hesitate to contact us.

November 2020

**Doneta Brothie**, Board Chair

**Daniel Friedman**, Investment Committee Chair

**Richard L. Frost**, Chief Executive Officer

**Susan Hagemeister**, Director of Finance



Founder of The Winnipeg Foundation  
William Forbes Alloway, wearing a mask  
made by a Foundation donor.



## FAR REACHING COMMUNITY IMPACT

Endowments provide lasting community support. Here are some examples of the grants made thanks to the generous donors who have created endowments at The Foundation.

### Making change through art



Community art creates community change, and young people in Winnipeg are helping influence that change through the Wall to Wall Mural Festival's Mentorship Program.

"Public artwork is for communities. . . [You have to] connect with community members who are going to be in this area and give them a chance to play a part in what's going to be put up on the wall; it gives them a sense of pride and self," says Annie Beach, an artist who participated in 2019's Mentorship Program.

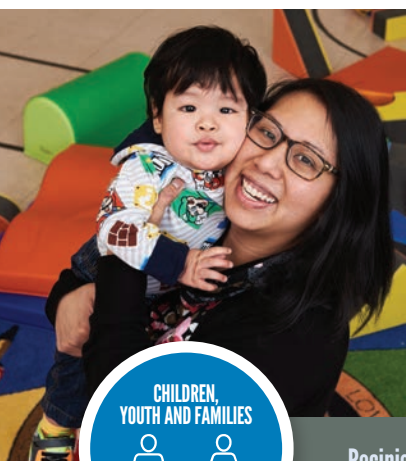
Beach's mural, called *Moccasin Slippers and Dakota Skippers*, was developed in consultation with youth through the Mentorship Program. Featuring pastel-coloured lady slipper orchids and butterflies, it is painted on Bunzy's Auto Body behind Thunderbird House in downtown Winnipeg.

Wall to Wall is a mural and culture festival held each September and is produced by Synonym Art Collective. The mentorship component of the festival sees Synonym partner with Graffiti Art Programming (GAP), a charity that offers educational arts and cultural programs for youth.



Recipient: Graffiti Arts Programming | Program: Wall-to-Wall Mentorship program | Grant: \$70,000, drawn from the Nourishing Potential Fund and from Donor-Advised Funds including the Moffat Family Fund

### Family TIES



When one-year-old Niko spends his morning at TIE Tykes, he builds skills through play and socializing that will help him throughout his early childhood. And his mom, Giselle Bernardo, has the chance to connect with other parents.

"It saved my life as a first-time mom," Bernardo says. "If there's ever a moment where you have any questions, you can talk to other moms. [There's] such a great sense of community."

TIE Tykes is a free drop-in program based in Winnipeg's Elmwood neighbourhood, for children under the age of six and their parents or caregivers, who take an active role in working with their children.

Children at TIE Tykes are provided with a healthy snack and take part in a variety of activities, including reading, singing, crafts, and stations that develop motor skills. About 50 families a week participate.



Recipient: Chalmers Neighbourhood Renewal Corporation | Program: TIE Tykes | Grant: \$35,000, drawn from the Moffat Family Fund

# ENDOWMENTS MAKE COMMUNITY SUPPORT POSSIBLE

## Remaining resilient in the face of climate change

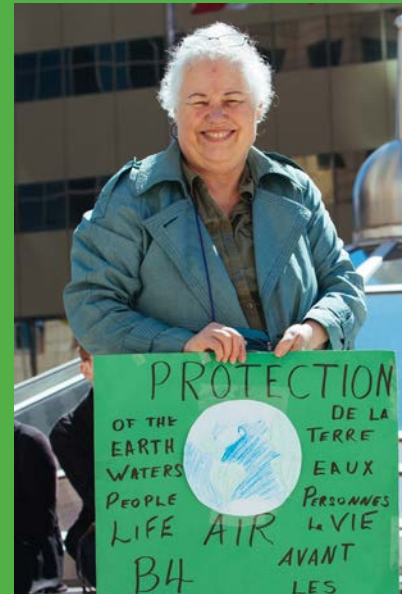
The future of our planet is in jeopardy. Global warming and climate change have already had a significant impact. Winnipeg organizations have joined forces to educate citizens, business owners and policymakers about the importance of changing our behaviour.

Manitoba's Climate Action Team formed shortly after the United Nations' Intergovernmental Panel on Climate Change (IPCC) released a report stating that according to scientific consensus, we have just over 11 years to drastically cut greenhouse gas emissions.

The Climate Action Team is a nonpartisan group of partner organizations that includes Green Action Centre, Climate Change Connection, Canadian Centre for Policy Alternatives, Wilderness Committee, Manitoba Energy Justice Coalition, Prairie Climate Centre, Transition Winnipeg, University of Winnipeg's Sustainability Office, and the Manitoba Eco-Network.

This level of collaboration on climate change is the first of its kind in Manitoba.

Photo courtesy of Green Action Centre.



Recipient: Green Action Centre, on behalf of Manitoba's Climate Action Team | Program: Road to Resilience  
Grant: \$96,000, drawn from the Environment Fund

**“WE HAVE LESS TIME THAN WE THOUGHT. WE ALWAYS KNEW [CLIMATE CHANGE] WAS URGENT AND NOW WE KNOW WHAT’S REALLY URGENT.”**

Tracy Hucul, Executive Director of Green Action Centre and member of Manitoba's Climate Action Team



## Creating dementia friendly communities



Gary Quinton has been living with dementia for the past six years. He speaks about it calmly, honestly, and candidly when recalling the first time he noticed something might be wrong.

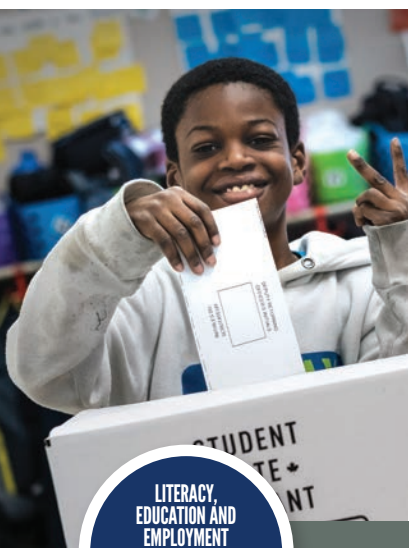
“My brain wasn’t doing what I used to take for granted . . . I went to my doctor and he gave me a series of tests, and I found myself a member of the Alzheimer’s Society,” Quinton says.

Quinton found support through the Alzheimer Society of Manitoba’s Dementia Friendly Communities initiative. Dementia Friendly Communities is intended to foster companionship and conversation, explore ideas, reduce stigma, and inspire present-moment expression, as well as empower participants and give a renewed sense of hope for the future.



Recipient: Alzheimer Society of Manitoba | Program: Dementia-Friendly Communities | Grant(s): \$120,000 total between 2016 and 2018, drawn from, the Rudrose Construction Fund, the Donald and Kathleen Bell Endowment Fund, the James A. and Muriel S. Richardson Trust, the Joe Brain Foundation Fund – Cancer Treatment, the Robert and Irene Comrie Fund, the Amanda Rodgers Fund, and from the hundreds of Community Funds held at The Foundation

## Fighting back against ‘fake news’



“Research has shown the habits of voting or not voting are established at an early age,” says Lindsay Mazzucco, Chief Operating Officer of CIVIX. “We believe it’s important to establish these habits early in life.”

CIVIX is a non-partisan, national charity dedicated to building the capacity and commitment of young Canadians to participate in democracy.

“We’ve been doing a lot of research and developing tools to help combat mis and dis-information, which is a growing threat worldwide,” Mazzucco says. “We’ve got a variety of tools to help students develop the skills to fact check information and teach them about the standards of journalism and the role of journalism in democracy – which are all key elements to growing informed and engaged citizens.”

The CIVIX team held a Democracy Bootcamp for Manitoba educators in spring 2019. The Bootcamp provided 120 educators the opportunity to learn about current threats to democracy, as well as how to engage the next generation of voters – and their families. In a world full of ‘fake news,’ it’s important for all citizens to develop skills and habits to navigate information.

Recipient: CIVIX | Program: Democracy Bootcamp | Grant: \$50,000, drawn from Community Funds

The Winnipeg Foundation also holds hundreds of scholarships and bursaries which support deserving students achieve an education.

# ENDOWMENTS MAKE COMMUNITY SUPPORT POSSIBLE

## Shifting into high gear

Since its inception in 2010, The WRENCH has distributed more than 17,000 bikes and facilitated more than 57,000 visits, helping people learn the skills necessary to care for a bike, gain independence and keep bikes out of the garbage.

“Every year we’re pulling more bikes from the landfill,” says Geoff Heath, The WRENCH’s Education Director. “In the early days we worked with maybe five different school and community bike shops. Now the city has over 40 such programs and the demand for our services has increased exponentially.”

The WRENCH — which stands for Winnipeg Repair Education and Cycling Hub — started as a partnership between volunteer-run community bike centres, the City of Winnipeg, and Green Action Centre. In 2010, The Winnipeg Foundation provided a start-up grant of \$40,000 to kick off the project.

In early 2019, The WRENCH received a grant of \$21,000 to support hiring an administrative assistant. The new position will ensure The WRENCH team can focus more on bringing additional programming to the community.

The WRENCH volunteer Stephanie Abraham.



COMMUNITY



**Recipient:** The WRENCH | **Program:** Staff position | **Grant:** \$21,000, drawn from the Talbot Family Foundation Flow Through Fund, the Puchniak Family Fund and the Gray Family Fund

Did you know? The Foundation also holds hundreds of endowments designated to support specific charities.

## “THE DEMAND FOR OUR SERVICES HAS INCREASED EXPONENTIALLY.”

Geoff Heath, Education Director of The WRENCH

**STABILIZATION  
GRANTS**

**\$8.9  
MILLION**

**COVID-19  
EMERGENCY  
RESPONSE GRANTS**

**\$2.5  
MILLION**

**EMERGENCY  
COMMUNITY  
SUPPORT FUND**

**\$1.4  
MILLION**

## **BETWEEN MARCH AND JULY 2020, THE FOUNDATION SUPPORTED THE COMMUNITY WITH MORE THAN \$12.8 MILLION IN COVID-19-RELATED GRANTS**

**STABILIZATION GRANTS** support the short- and medium-term financial needs of local charities affected by revenue loss and unexpected expenses due to the COVID-19 pandemic. There were 279 charities that shared in the \$8.9 million. Grants were allocated in mid-July.

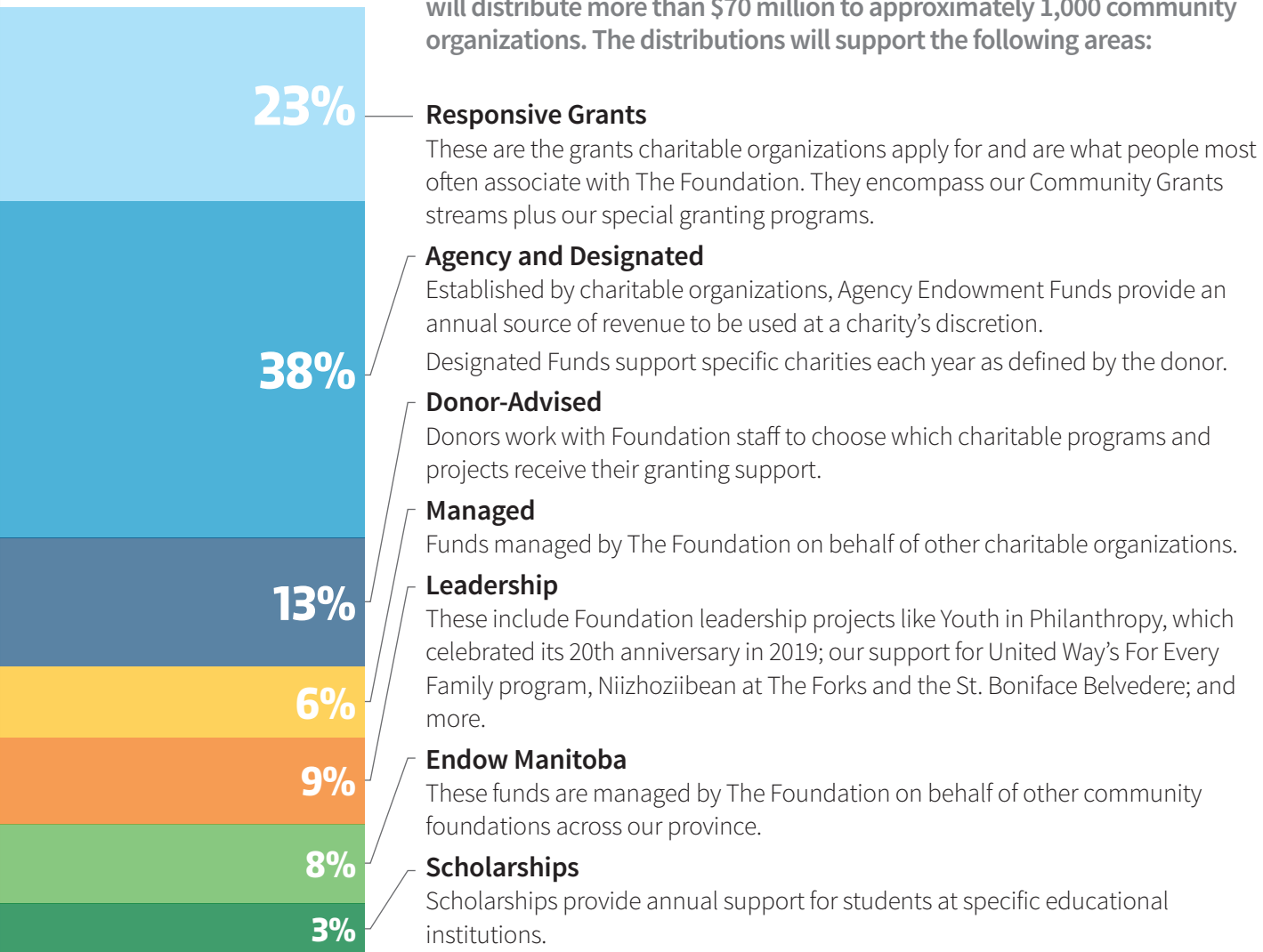
**COVID-19 EMERGENCY RESPONSE GRANTS** provided immediate support for charities caring for basic needs of our community's most vulnerable. More than 120 grants were distributed between March 13 and June 2.

**EMERGENCY COMMUNITY SUPPORT FUND** from the Government of Canada makes funding available to charities serving vulnerable populations disproportionately impacted by COVID-19. The Winnipeg Foundation worked with national umbrella group Community Foundations of Canada, along with local partners Canadian Red Cross and United Way of Winnipeg, to deliver the program. Funds were delivered in June and July.

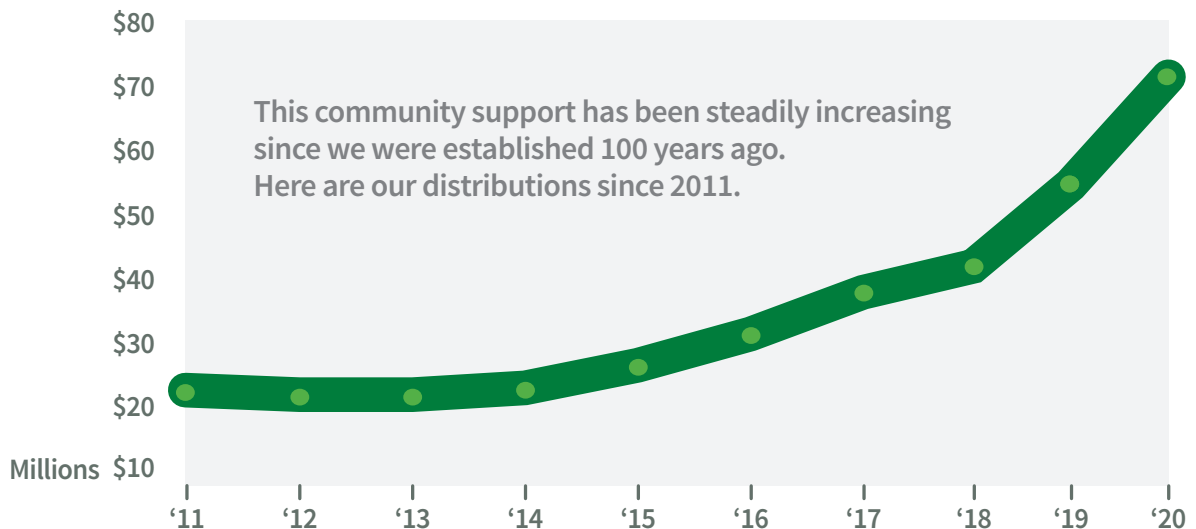
**THANK YOU TO THE GENEROUS  
DONORS WHO MAKE THIS  
COMMUNITY SUPPORT POSSIBLE.**



The Foundation might be best known for our Responsive Grants to the community, but that's not all we support. In 2020, The Winnipeg Foundation will distribute more than \$70 million to approximately 1,000 community organizations. The distributions will support the following areas:



### TOTAL DISTRIBUTIONS TO THE COMMUNITY



## WHAT IS AN ENDOWMENT?

Our community support is made possible because of our endowments.

An endowment is a gift made on the promise that its capital value will be preserved over the long-term and only the income generated by investing the capital will be used for granting purposes. Our endowments are invested in a Consolidated Trust Fund.

The Winnipeg Foundation received its first gift of \$100,000 in 1921 from William Forbes Alloway. Our first \$6,000 in grants were distributed in 1922. Today, The Winnipeg Foundation holds more than 4,000 endowments – each one generating a positive impact in our province.

## Endowments create new money for Manitoba's economy



The investment portfolio of The Winnipeg Foundation is very diverse. It contains government bonds; Canadian, American and global equities; Canadian real estate; Canadian mortgages; and global infrastructure. These investments are worldwide which means any returns they earn are new wealth for our city and province. This wealth-generating investment process distinguishes endowments from most other charitable activity, which re-distributes existing wealth within the community.

## HOW ARE ENDOWMENTS MANAGED?

The Board of Directors of The Winnipeg Foundation, in its capacity as Administrator of the endowment funds held at The Foundation, has delegated some of its investment monitoring, and supervisory powers and responsibilities, to its Investment Committee.

The Foundation's Asset Management Consultant is Mercer (Canada) Limited.

We utilize the following investment managers:

- Baillie Gifford Overseas Limited
- Beutel, Goodman & Company Ltd.
- Canada Life
- Connor, Clark & Lunn Investment Management Ltd.
- Dimensional Fund Advisors
- IFM Global Infrastructure (Canada), L.P.
- TD Asset Management

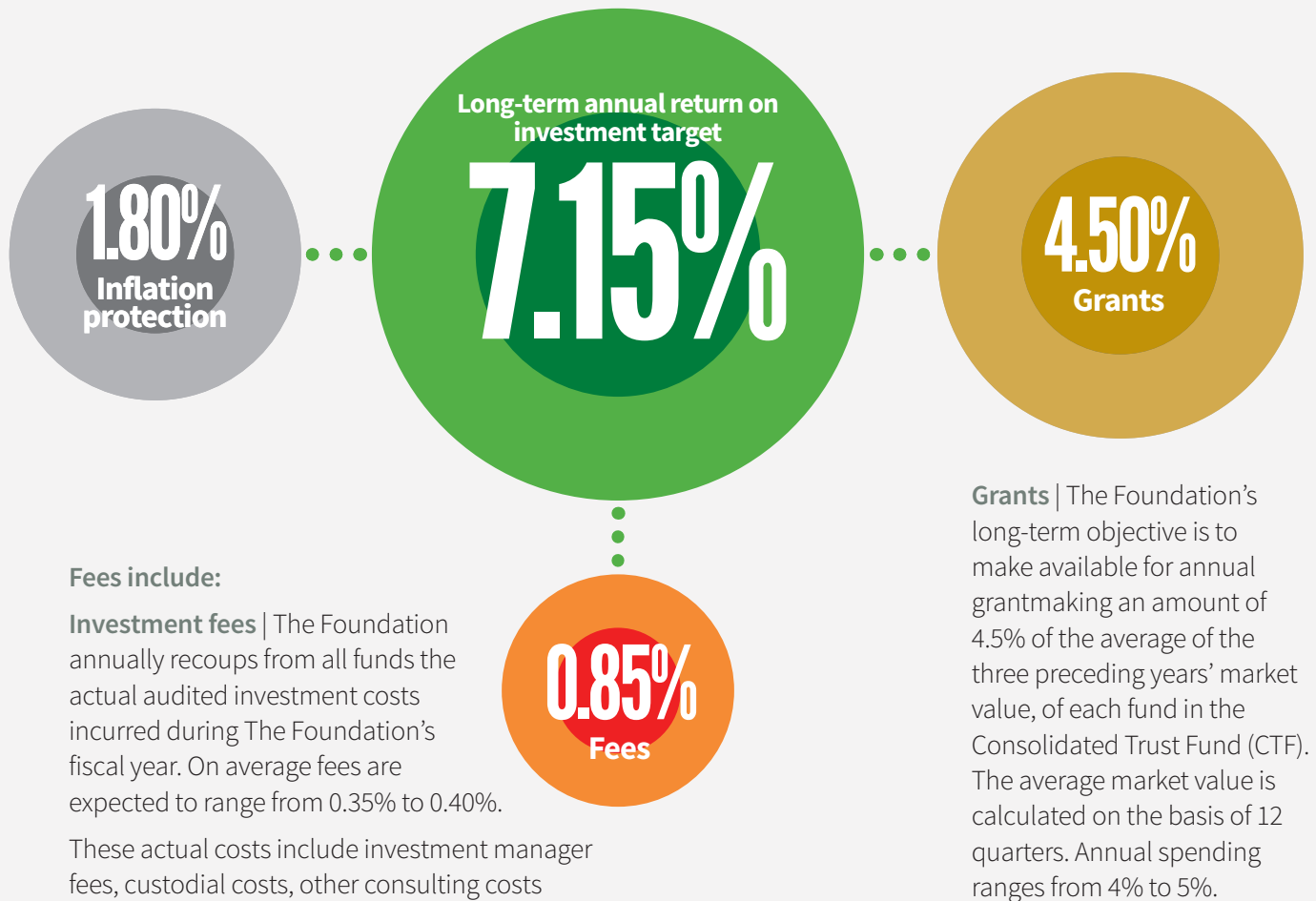
## THE IMPORTANCE OF GOOD STEWARDSHIP

From our beginnings as Canada's first community foundation, stewardship and trust have been fundamental values underlying our work. Donors from all walks of life have expressed their confidence in our organization by the generosity of their gifts. These endowments are a wonderful legacy to our city and province, and we commit to diligence in our management of them. This includes achieving maximum returns consistent with prudent and responsible investment practices.

## OUR CURRENT BUSINESS MODEL

To ensure The Foundation is able to support the community **For Good. Forever.**, the target of our long-term annual return on investments is about 7.15%.

**This target allows for the following costs:**



### Fees include:

**Investment fees** | The Foundation annually recoups from all funds the actual audited investment costs incurred during The Foundation's fiscal year. On average fees are expected to range from 0.35% to 0.40%.

These actual costs include investment manager fees, custodial costs, other consulting costs related to investment matters, and any costs associated with dedicated investment staff of The Foundation.

**Administrative Fees** | The Foundation annually recoups from all funds a portion of its operating expenses. The recovery amount shall be determined by The Foundation's Board of Directors, taking into account the actual annual costs incurred in operating The Foundation. The current administrative fee rate is 0.50%.

**Grants** | The Foundation's long-term objective is to make available for annual grantmaking an amount of 4.5% of the average of the three preceding years' market value, of each fund in the Consolidated Trust Fund (CTF). The average market value is calculated on the basis of 12 quarters. Annual spending ranges from 4% to 5%.

**For detailed information, please see our Spending Policy. Any return earned above this amount is recapitalized in the endowments.**

**Past Performance is not a guide to future returns.**

**This does not guarantee these returns will be achieved every year. This model is subject to change in light of long-term expected market returns.**

## OUR INVESTMENT POLICY

The full text of our policy is too detailed for this publication. It is entitled: *Asset Management and Governance Plan & Statement of Investment Beliefs, Policies and Guidelines* and the latest version is available on our website. This 38-page document outlines the mandate of the Investment Committee as well as the roles of staff and the duties and responsibilities of our agents and advisors.

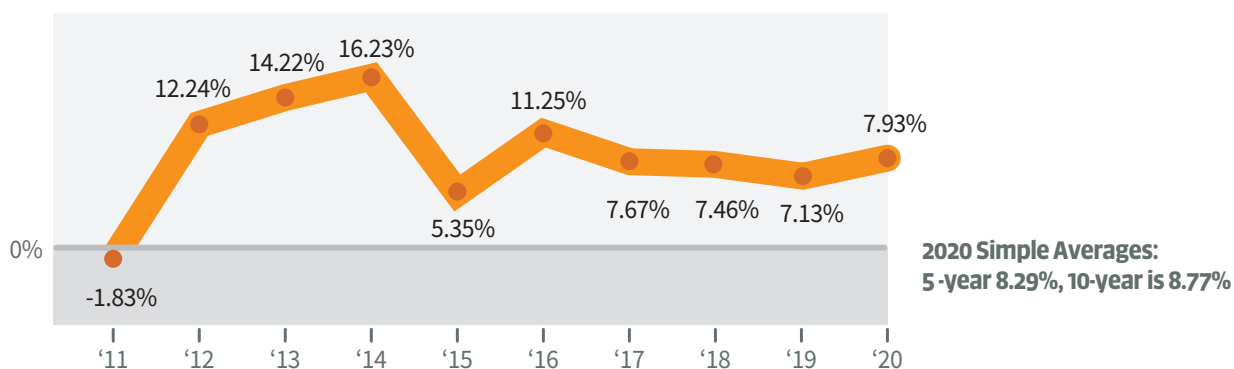
The Foundation has investment objectives which underpin our business model. While returns will vary from year to year, the Committee has determined asset allocation ranges and permitted investments aimed at generating long-term

average returns sufficient to sustain annual grantmaking, cover costs and largely protect purchasing power against inflation. Investment risk is a key consideration. The document also includes The Foundation's Spending Policy, Fees Policy and Conflict of Interest Policy.

Each year, the Investment Committee creates a "Due Diligence" report for the review of the Board of Directors. This annual report provides an assessment of Foundation investment activities and performance. It obliges the Committee to evaluate the services of agents and advisors and to confirm compliance with approved policies.

## ACTUAL CONSOLIDATED TRUST FUND RETURNS

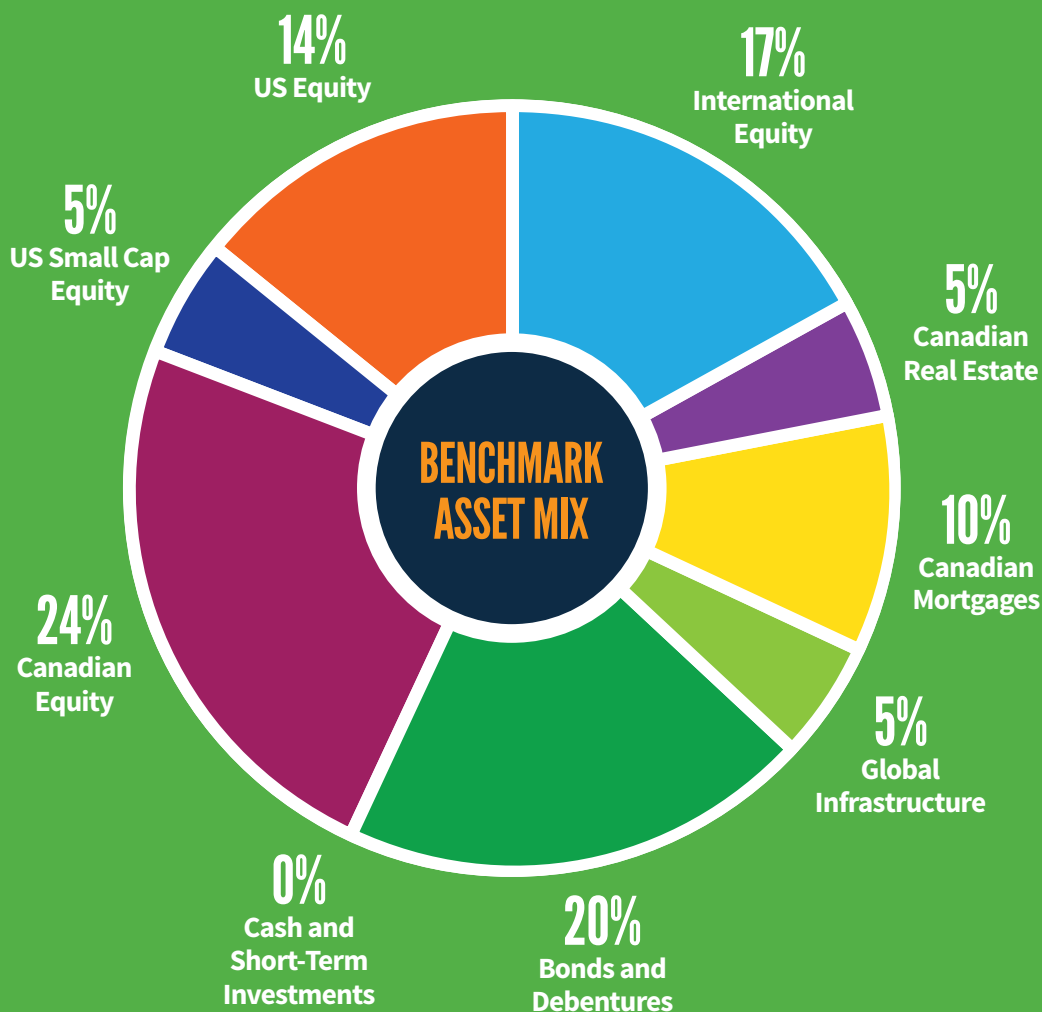
The Foundation's financial stewardship strategy takes a long-term approach to achieve maximum returns consistent with prudent investment practices, ensuring legacies created by donors are respected and grantmaking will continue in perpetuity.



Annual returns are year-end sensitive. Please note that Sept. 30 is the fiscal year-end for The Winnipeg Foundation.

## DIVERSITY MITIGATES RISK

The Foundation believes asset mix management can add value and therefore has established a range for each asset category and chosen a balanced approach using the services of specialized managers. The Board also believes good security selection can add value and therefore has emphasized active, rather than passive, mandates.



## SCALE MATTERS

The Foundation is built on the premise that it's not the size of the gift but rather the act of giving that matters. When we work together, we can accomplish great things. The same premise is true for our investments.

The scale of our pooled investments means smaller funds benefit. This democratizes philanthropy, ensures we can all have access to investment expertise and that we all pay less.



## OUR 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. Environmental, social and governance (ESG) factors are likely to generate higher and more consistent returns. Responsible investment managers are expected to integrate ESG factors into their decision-making process.
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. Within equities, small cap equities provide a higher expected premium with higher expected volatility than large cap equities.
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.

## RESPONSIBLE INVESTMENT

For many years, investors have included environmental, social and governance (ESG) considerations in their analysis. That is to say, some ESG assessment is inherent in traditional investment practices and today, it would be very rare to find a reputable firm not taking these factors into account.

Responsible Investment (RI) is more rigorously defined and refers to the integration of ESG research and data analysis with normal financial information to support investment decisions. Each of The Winnipeg Foundation's Investment Managers has a different mandate and a stated policy approach to ESG integration. Socially responsible investment is not new and each of the Investment Managers we employ is well aware of how it impacts the companies in which The Winnipeg Foundation invests.



### Environmental Concerns

- Climate change
- Energy efficiency
- Waste and pollution
- Water and resource scarcity



### Social Concerns

- Health and safety
- Stakeholder concerns
- Demographics
- Labour and supply



### Corporate Governance Concerns

- Audit quality
- Board structure
- Remuneration
- Shareholder rights

## THE ROLE OF OUR INVESTMENT MANAGEMENT CONSULTANT

Mercer is engaged as the Investment Management Consultant to The Winnipeg Foundation. As part of this role, Mercer monitors the activities of all seven Investment Managers and meets with the Investment Committee at least four times annually to provide commentary, analysis, and insight.

Mercer believes that an investment approach that includes ESG factors and broader systemic issues – for example, sustainable development – along with active ownership (stewardship) is more likely to lead to sustainable investment outcomes. In practice, this can mean investors selecting Investment Managers by considering how they approach integration of ESG into their investment process and/or allocating to sustainability-themed strategies, where the emphasis is on companies that explicitly provide solutions to social and environmental challenges.

Increasing academic and industry evidence indicates that integrating ESG factors and active ownership into the investment process can improve risk-adjusted returns. Mercer believes regulatory pressures to meet global standards of ESG integration and responsible stewardship will only increase in the coming years and Mercer therefore sees this as an area of increasing importance over the long-term for its clients – including The Winnipeg Foundation.

Mercer has developed separate ESG ratings for Investment Managers, assessing the extent to which they integrate ESG factors and active ownership activities into their investment

decision-making framework. Mercer rates actively managed strategies across all asset classes, as well as passive equity managers. The Investment Committee of The Winnipeg Foundation is aware of their ratings and can use this information in assessing the overall structure of the portfolio and the performance of individual managers. ESG appraisal is not an exact science. Using Mercer as a third party independent appraiser helps The Foundation to better understand our investment universe.

And finally, Mercer also briefs the Committee prior to meetings with Investment Management firms. During the past decade or more, there have been a number of manager searches as The Foundation's assets have grown and mandates have evolved. When Mercer was first engaged, The Foundation had two balanced managers but today, The Foundation has seven specialist managers. Gradual change is “a constant” and is expected to continue. After appropriate discussion with our Investment Committees, Mercer identifies potential candidates to manage The Winnipeg Foundation assets and provides advice throughout any new selection process. The Investment Managers currently engaged by The Winnipeg Foundation are all favourably rated by Mercer's manager research team.

In summary, Mercer provides advisory services to support the policy decisions of the Investment Committee and ultimately, the Board of The Winnipeg Foundation.



## COMMENTS FROM OUR INVESTMENT COMMITTEE

Defining the right balance between competing investment opportunities is always a challenge. Currently (fall 2020), the global pandemic is creating a climate of additional uncertainty.

The structure of The Winnipeg Foundation's portfolio provides a diverse mix of assets designed for long-term investment. Annual results will inevitably vary. The goal is to deliver an annual average of 7.15% in order to sustain The Foundation's grantmaking activity and provide some purchasing power protection. Our most recent year-end (Sept. 30, 2020) includes six months of COVID-19 disruption and while the audit is not yet complete, we estimate a fiscal 2020 return of 7.93%.

Market volatility is always to be expected. Our investment approach carried The Foundation through the financial crisis of 2008 quite successfully. We value stability and while sudden changes in direction are very unlikely, our policies are always under review. On-going modest adjustments reflect our best understanding of current or anticipated trends.

One topic that deserves specific mention is the on-going discussion about the role of environmental, social and governance (ESG) factors in the investment decision-making process. These conversations are not new. Our managers and consultants are taking the growing public interest and concern into account. Looking forward, the alignment of our investment policy in support of The Foundation's mission will undoubtedly influence our direction. This publication also includes some examples of "impact investing" describing how The Foundation is supporting non-traditional investments, social enterprise and local initiatives. While falling outside the mandate of the Investment Committee, this activity is of interest to The Foundation.

## COMMITTEE MEMBERS AS OF NOVEMBER 2020

Name	Professional Background
<b>Daniel Friedman (Chair)*</b>	Former President and CEO of Pavillion Financial Corporation
<b>George Bass, QC ICD.D (Vice Chair)*</b>	Retired, former Vice President & General Counsel for Wawanesa Mutual Insurance
<b>Doneta Broatchie (Ex-Officio)*</b>	Project Director for Leadership Winnipeg and former Senior Vice-President at CIBC
<b>Tom Bryk, FCPA, FCA, ICD.D*</b>	Retired, former President and CEO of Cambrian Credit Union
<b>Gerry Labossiere, CPA, CA*</b>	Retired, former City Auditor and Chief Executive for Deposit Insurance Corporation
<b>Evan Mancer, CFA</b>	President and CIO at Cardinal Capital Management
<b>Peter Munro, CFA</b>	Retired, former Executive Vice President, CIO at Great West Life, London Life and Canada Life
<b>Scott Penman, CFA</b>	Retired, former Executive Vice President and CIO at Investors Group Financial Services
<b>John Pollard*</b>	Co-CEO of Pollard Banknote

\*The Winnipeg Foundation Board member



## IMPACT INVESTMENT

Impact Investment goes beyond RI (Responsible Investing) and includes an intentional effort to generate positive environmental and social impacts in combination with financial returns.

A distinguishing characteristic of impact investing is the intentional effort to provide environmental and social performance reporting to create a more transparent connection to ESG objectives. Many foundations are attempting to align all or part of their investment portfolios with their social or environmental missions and values.

The charitable mandate of a foundation requires a significant financial return. The disbursement quota regulated by CRA, the fiduciary responsibility to protect the longer-term purchasing power of endowments, together with normal operating and investment management costs, necessitate an average return over the long range of 7.15% according to our current business model.

In the case of The Winnipeg Foundation, our goal (business model) is to distribute on average 4.5% annually as grants. Our 2020 distribution rate was 5% and in 2021 it will be 5%. Having incorporated ESG and RI considerations into our investment policies, our primary goal is to support The Foundation's grantmaking programs, which are entirely focused on positive community outcomes. Grants are at the extreme positive end of the impact investment spectrum because no financial return is expected. On a selective and limited basis, The Winnipeg Foundation does make Impact Investments which do not deliver market level financial returns but do offer some other compelling cases for support.

Examples of Impact Investments outside normal policy are included on the following pages.



## INVESTING IN MANITOBA'S FIRST SOCIAL IMPACT BOND



Social impact bonds are tools for funding innovative social services. A government and a service provider identify a program's intended social benefit and set measurable targets. Investors lend money to cover the program's costs. If targets are achieved, the government pays investors back, sometimes with interest. If the targets are not met, investors may not receive the full reimbursement.

Restoring the Sacred Bond is aiming to reduce the number of Indigenous children in care. It is Manitoba's first social impact bond, and The Winnipeg Foundation is its largest funder.

Restoring the Sacred Bond is a two-year pilot project, which began summer 2019, that will match Indigenous Birth Helpers with Indigenous mothers who are at risk of having their infants apprehended into the child welfare system. Southern First Nations Network of Care (SFNNC), which is responsible for about 40 per cent of the children taken into care in Manitoba, is leading the initiative and working with the Birth Helper service provider, Wijiiji'idiwag Ikwewag. The pilot will see a team of eight Birth Helpers work with 174 mothers.

The Foundation has invested \$1 million into Restoring the Sacred Bond; if the initiative does not deliver, The Foundation's investment turns into a grant.

SIB's are outside the parameters of The Foundation's Investment Policy. However, our 2019-2021 Strategic Plan states we will explore innovative ways to support the community.

## NON-TRADITIONAL INVESTMENTS

### JUBILEE FUND

The Jubilee Fund has financed some of our city's best-known non-profits and social enterprises. To allow it to do even more great work, The Winnipeg Foundation is matching all investments made to the Jubilee Fund, to a maximum of \$100,000 annually, until September 2023.

Garden Grove Day Care, Manitoba Green Retrofit and Cognitive Behaviour Therapy Institute are among the dozens of projects that have been supported by the Jubilee Fund since it began in 2000.

The Jubilee Fund is an ethical investment fund established to raise awareness about the interrelated issues of poverty reduction, financial assets, and access to credit. It provides loan guarantees and bridge financing to non-profit organizations and social enterprises, which are then used for community-based projects that reduce poverty and financial exclusion.



Participants in Manitoba Green Retrofit (MGR), a social enterprise that offers services such as energy efficiency retrofits and residential renovations. Photo courtesy of MGR and Jubilee Fund.

### ACU'S NORTH END BRANCH



In 2011, Assiniboine Credit Union bucked the then-trend of banks leaving the North End of Winnipeg, when it announced it was opening a new branch at the corner of McGregor Street and College Avenue.

The decision to open a branch in one of the city's lowest-income neighbourhoods, to better serve existing and new members, and reach out to people with no or limited access to banking services, is part of ACU's long-term vision.

The Winnipeg Foundation was an early investor in the project, along with numerous others. It made a \$5 million GIC investment.

Photo: Celebratory event during construction of ACU's North End branch.

# SOCIAL ENTERPRISE

Social enterprises aim to achieve social, cultural, community economic and/or environmental outcomes, and to earn revenue. This revenue can be used to support related activities, or to be reinvested into the social enterprise. They can be operated by a non-profit or a for-profit company.

The Foundation has chosen to support the development and expansion of innovative social enterprises via grants. This ensures the value of The Foundation's endowment is protected over the long-term through our traditional investment strategy which generates stronger revenues for grantmaking.

## HELPING SOCIAL ENTERPRISES SCALE UP

In 2020, a collaborative mix of partners (including foundations, charities, co-operatives, businesses and economic development organizations) came together to bring new resources to Manitoba social purpose enterprises, building capacity for social impact and possible new investment. Hosted by The Winnipeg Foundation and the Canadian Community Economic Development Network (CCEDNet) – Manitoba, the group supported 13 social purpose organizations in Manitoba with funds totalling more than \$400,000.

This new funding is part of the Government of Canada's Investment Readiness Program (IRP). The social enterprises involved create important opportunities for Indigenous communities, generate meaningful jobs, strengthen the charitable and non-profit sector, and address social and environmental challenges. These organizations often face challenges unique to their innovative blend of business practice and social impact. As a result of these new funds, organizations will be better prepared to stabilize or scale up their work and potentially receive investment, including through the Government of Canada's developing Social Finance Fund.

### Organizations supported include:

- \$40,000 – Aboriginal Chamber of Commerce**
- \$30,000 – Aulneau Renewal Centre**
- \$13,000 – BUILD (Building Urban Industries for Local Development)**
- \$32,000 – Clan Mothers Enterprises**
- \$26,000 – Clan Mothers Healing Village**
- \$14,600 – End Homelessness Winnipeg**
- \$30,000 – Green Action Centre (Compost Winnipeg)**
- \$12,000 – Level IT Up**
- \$40,000 – Mitik 299**
- \$47,000 – North End Community Renewal Corporation**
- \$49,600 – Purpose Construction**
- \$34,000 – Social Enterprise Centre**
- \$37,538 – Wabung Abinoonjiag**

Social purpose organizations strengthen local economies while giving back and creating more resilient and sustainable communities. The IRP creates and advances new earned revenue possibilities for the critical role charities, non-profits, and cooperatives play, especially during this challenging time. For these reasons, the IRP has a key role to play in pandemic recovery and also in moving Canada towards the UN's Sustainable Development Goals. They promote prosperity while protecting people and our planet.

## SILOAM MISSION'S LAUNDRY INITIATIVE



Siloam Mission's commercial laundry social enterprise.

Siloam Mission serves the immediate needs of people affected by homelessness in Winnipeg. It supplies food, clothing, shelter, short-term and transitional housing, employment courses, healthcare, and spiritual care.

Siloam is developing a social enterprise in laundry services. The objectives are two-fold: Siloam's participants will gain employment and employability skills; and the organization will earn revenue from the laundry business and reduce or eliminate its own laundry costs. Siloam's shelter currently uses external laundry facilities for 440 bed sheets, 220 blankets and 440 pillowcases daily, and its total laundry cost is approximately \$130,000 annually.

In 2019, The Foundation invested \$200,000 in Siloam to develop the Laundry Initiative, and will evaluate the grant as if it were a loan, so that we can learn.

## GREEN ACTION CENTRE'S COMPOST WINNIPEG

Green Action Centre (GAC) focuses on green commuting, composting and waste reduction, sustainable living, resource conservation, and sustainable public policies.

Launched in 2016, GAC's Compost Winnipeg offers services to residential and commercial clients, including coffee shops and restaurants. It was looking to expand by purchasing specialized equipment for managing and processing organics at its composting facility, which is located on Canadian Mennonite University property.

In 2020, The Foundation invested \$200,000 in support of the expansion of Compost Winnipeg and will evaluate the grant as if it were a loan, so that we can learn.



Green Action Centre's Tracy Hucul (left) and Kelly Kuryk. File photo.



# INVESTING IN LOCAL ASSETS

In addition to supporting social enterprises, The Foundation has invested in key community assets. It is our belief that these projects contribute significantly to citizens' quality of life.

Nolan Bicknell (left) and Robert Zirk, who are involved with The Winnipeg Foundation's weekly radio show.



## CJNU

CJNU Nostalgia Radio is a nonprofit community service radio cooperative, dedicated to providing nostalgia music. The Winnipeg Foundation has been working with CJNU for many years, beginning as a monthly host sponsor more than a decade ago. We have provided office space for CJNU on our floor and most recently supported the development of its brand-new studio in the Richardson Centre Concourse. In addition, The Foundation has a weekly show, BeCause Radio, that is broadcast on CJNU, which focuses on the Causes Winnipeggers care about, featuring stories about local charitable organizations and impact-makers as well as Foundation activities.

## CAMP MANITOU

Camp Manitou, located five minutes outside Winnipeg, is a summer camp and year-round recreation facility. Programming is targeted to kids from hardworking families struggling to get ahead.

A new ownership structure for the camp is ensuring it will be enjoyed for years to come: The Winnipeg Foundation is assuring continued community ownership of the land, while management and programming is provided by True North Youth Foundation.



Photo courtesy of Camp Manitou.

## COMMUNITY LOAN PROGRAM

The Community Loan Program (CLP) is a rapid-access, emergency fund designed to prevent homelessness during temporary financial hardship. Operated by the Aboriginal Health and Wellness Centre of Winnipeg (AHCWW), CLP was developed to both prevent people from becoming homeless and to help people secure housing in emergency situations where no other rapid alternative financial assistance exists. This type of financial support is not readily available to low-income individuals that would not pass a credit score check. Eligible support areas include utility bills, rent arrears and damage deposits. In 2020, The Foundation invested \$200,000 to support this community loan program.



## LOOKING BEYOND OUR CENTENNIAL IN 2021

The Foundation approaches Responsible Investing (RI) as the integration of environment, social and governance (ESG) research with normal financial information to support investment decisions. The Foundation's Investment Beliefs state "ESG factors are likely to generate higher and more consistent returns over the long-term." Managers are expected to integrate ESG factors into their decision-making processes, where mandates allow. Our Investment Consultant, Mercer, also provides insights to the effectiveness of the managers' use of ESG factors, where mandates allow. The ultimate goal of ESG implementation is to align investment activities with the mission of The Foundation.

This publication provides a snapshot of the investment practices of The Winnipeg Foundation at a very unique time. In the fall of 2020, the world is in the grips of the COVID-19 pandemic. Once we emerge from this global challenge, there will be a period of economic recovery. The Winnipeg Foundation is a long-term investor and is very unlikely to make abrupt changes in policy. However, in looking to our centennial in 2021 and beyond, it seems reasonable to anticipate that there will be adjustments.

Any one or any agency interested in learning more is invited to contact The Winnipeg Foundation. Using our website and publications, we will do our best to keep the public informed. **For Good. Forever.**





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