

# University of King's College

## Explanatory Note on March 31, 2026

### Investment Holdings & Responsible Investment Exposure

The University's Statement of Responsible Investment Policy and Goals states:

*We believe certain industries and companies which include, but are not limited to, natural resource extraction (in particular oil and gas, coal and mining), weapon manufacturing companies supporting military conflicts and occupations in particular regions and tobacco/vaping products production, will be challenged to provide stable and sustainable long-term investment returns without well governed social and environmental systems. The University entrusts investment asset selection to its investment managers and thus, we do not directly make individual asset purchase or sale decisions. However, we require our investment managers to adopt investment strategies for the University's endowment funds that seek to divest of positions in industries and companies that do not promote responsible corporate behavior that aligns with our responsible investing policy.*

The following provides a summary of the University's exposure in these areas as of March 31, 2026, and a comparison to prior years.

#### **1. Current exposure (March 31, 2026)**

- Fossil fuels: 4.05% (approximately \$2.22 million)
- Aerospace and defense: 0.69% (approximately \$0.39 million)
- Weapons manufacturers: 0.05% (approximately \$0.03 million)
- Tobacco: 0.20% (approximately \$0.11 million)

Total exposure across these categories is approximately 5.01% of the portfolio (approximately \$2.76 million).

## 2. Comparison to prior years

### a. **Fossil fuels:**

- 2026: 4.05% (~\$2.22M)
- 2024: 4.05% (~\$1.73m)

#### **Summary:**

Fossil fuel exposure has remained consistent at approximately 4% of the total portfolio. While the percentage allocation has been stable, dollar values have increased due to overall portfolio growth rather than increased allocation to the sector.

### b. **Aerospace and defense:**

- 2026: 0.69% (~\$0.39M)
- 2024: 0.18% (~\$0.08M)

#### **Summary:**

Exposure to the broader aerospace and defense sector has increased modestly, reflecting the composition of commingled funds and market changes, as outlined in the [Update Regarding King's Responsible Investment Policy](#) provided by President Lahey on July 3, 2025;

### c. **Weapons manufacturers:**

- 2026: 0.05% (~\$0.03M)
- 2024: 0.57% (~\$0.24M)

#### **Summary:**

Exposure to companies directly involved in weapons manufacturing has declined following the university's divestment actions in June 2024. This represents a reduction of approximately 0.52 percentage points.

### d. **Tobacco:**

- 2026: 0.20% (~\$0.11M)
- 2024: 0.13% (~\$0.05M)

#### **Summary:**

Tobacco exposure remains low, with a slight increase reflecting normal portfolio variation.

### **3. Overall trend**

Over the past reporting periods, total exposure in these categories has remained approximately 5% of the portfolio.

#### **Within that total:**

- Fossil fuel exposure has remained stable and continues to represent the largest component
- Exposure to weapons manufacturers has declined significantly following 2024 divestment actions
- Aerospace and defense exposure reflects broader sector holdings and may fluctuate over time
- Tobacco exposure remains minimal

### **4. Longer-term fossil fuel exposure**

At the time the Responsible Investment Policy was adopted, fossil fuel exposure was approximately 20% or more of the total portfolio. This has declined to 4.05%.

This reduction of approximately 16 percentage points has been achieved primarily in the period following adoption of the policy.

### **5. Context**

The endowment is invested primarily through commingled funds managed by TD Asset Management. As outlined by the Investment Committee:

- The university does not control individual securities within these funds, as such control is beyond the capabilities of the university and would jeopardize compliance with the core objective of the Statement of Responsible Investment Policy and Goals, which is to “provide a growing stream of income and preservation of capital for the purposes specified in deeds of gift”
- Divesting from a single company generally requires selling the entire fund
- This could negatively impact diversification and returns

- The Investment Committee must balance the goal to have zero investments in key categories with their fiduciary duties as per the Statement of Responsible Investment Policy and Goals

Accordingly, the university works with its manager to select funds aligned with its Statement of Responsible Investment Policy and Goals and to monitor holdings on an ongoing basis.

## 6. Summary

- Current total exposure: ~5% (~\$2.76M)
- Fossil fuels reduced significantly from ~20%+ to ~4%
- Weapons manufacturing exposure reduced substantially since 2024
- Aerospace and defense exposure reflects broader sector classification within pooled funds
- Portfolio structure limits full elimination of all non-aligned holdings