

THE CONNAUGHT FUND
ANNUAL REPORT
1 July 2002 - 30 June 2003

1. THE CONNAUGHT FUND

The Connaught Fund originates from the sale of the Connaught Laboratories in 1972 for approximately \$29M. The spirit of enquiry that led to the development of the Laboratories, and subsequently to significant discoveries in the pharmaceutical field, continues at the University of Toronto. The Connaught Fund is a unique means of fostering that spirit. Since its inception, the Connaught Fund, through its various granting programs, has invested approximately \$101M in superb UofT scholars and has played a significant role in the development of important research initiatives in all disciplines.

2. TERMS OF REFERENCE

Terms of reference for the Connaught Fund were originally developed in 1973. These terms were modified in 1974, 1976, 1979, 1984, 1988 to permit the Fund and its granting programs to evolve with the changing structure and needs of the University. In February 1991, the terms were again revised to permit the inclusion of the Fund in the University's Consolidated Investment Pool.

The Connaught Committee undertook a major review of the Connaught Fund in 1990 - 1992. Program changes recommended in the review report required that the Terms again be revised. In this most recent revision, a strong statement of purpose was maintained, but detailed program descriptions were removed, obviating the need to solicit Governing Council approval for procedural changes in the delivery of research support and to allow flexibility in responding to institutional research priorities. The current Terms of Reference (attached as Appendix A) were approved by Governing Council in June 1992.

3. THE CONNAUGHT COMMITTEE

The Connaught Committee is a special committee of Governing Council, established to oversee the use of the Connaught Fund. The Committee sets the strategic direction for the use of the Connaught Fund in keeping with the Fund's Terms of Reference. Normally, the Committee meets two times each year to discuss matters of policy, to consider financial matters including investment performance and annual budget allocations to various programs, to make final decisions on all awards, and to assess the ongoing impact of Connaught programs of research support.

The 2002-03 Connaught Committee membership list is attached (Appendix B).

4. CONNAUGHT REVIEW PANELS

The Connaught Committee places strong emphasis on peer review in the adjudication of research proposals. It appoints review panels covering broad disciplinary areas to advise on the merits of submissions in response to its various competitions during the year. Each review panel is composed of at least four core discipline members, one of whom may be from outside the University, each from a different area of study. Review Panels assess submissions, select external reviewers for proposals (as required), and develop final rankings and award recommendations for the Connaught Committee. Panel membership is ordinarily for a three year term with the senior UofT member assuming the role of Panel Chair in her or his final year.

Originally there were four review panels, one for each of the Humanities, the Social Sciences, the Physical Science & Engineering, and the Life Sciences. Due to the growing diversity of the Life

Sciences area, the Committee decided to split the Life Sciences Review Panel into two different groups, one representing Epidemiology & Health Outcomes, and the other Molecular, Cellular & Integrative Biology. These two panels were implemented in 1999-2000 and have been working well. In 2002 the Connaught Committee reaffirmed the desirability of having an external member sit on each Panel.

2002 - 03 Review Panel membership lists are attached. (Appendix C)

5. FINANCIAL MATTERS

In 1972, the University sold the Connaught Laboratories to the Canadian Development Corporation for approximately \$29 million. The proceeds of the sale were designated as an endowed fund by Governing Council with income to be used to support research through programs devised by the Connaught Committee.

In the early years spending exceeded real return and the market value of the Connaught Fund capital was not maintained. Concern grew about balancing capital preservation with current spending. In 1982 the Committee adopted a spending policy limiting growth in annual expenditure budgets to 110% of inflation.

In 1991 the Connaught Committee elected to invest the Fund's assets in the University's new Consolidated Investment Pool (CIP). Distributions from the CIP are made in accordance with the University's Policy on the Preservation of Capital for Endowment Funds. CIP performance is expected to permit the capital value of the member funds to grow, at least at the rate of inflation, and to generate a consistent level of annual revenue sufficient to sustain the initiatives with which each fund is associated.

In May, 1998 the Committee approved a package of "Special Initiatives in the Humanities and Social Sciences". These initiatives include two new programs: Distinguished Chairs and Distinguished Visitors, as well as an expansion of two existing Connaught programs: Research Fellowships and Graduate Student Scholarships. In these programs, Connaught and University funds are used as matching funds to attract external donors. For the Distinguished Chairs program \$10M of Connaught capital was to be redesignated and matched by \$10M from each of the University's Endowed Adjustment Fund (EAF) and a private donor or donors. The three remaining programs would result in special earmarking of just over \$19M from Connaught, again matched by a combination of private donor and EAF funds. In the Fall of 2001, due to a lack of available endowment from the University's Endowed Adjustment Fund, the window of opportunity for further matching under the Special Initiatives program was closed. Some initiatives, like the Distinguished Chairs in the Social Sciences, were terminated before any private sector match had been identified. Others, like the Distinguished Visitor's program, had achieved a partial match. The maximum value of Connaught capital that will now be claimed under the Special Initiatives program is \$20.1M.

In May 2000, the University's Treasury department was replaced with a newly created separate investment organization known as the University of Toronto Asset Management Corporation (UTAM). UTAM was created primarily to provide improved performance for the University's investments. The Consolidated Investment Pool (CIP) was renamed the Long-Term Capital Appreciation Pool (LTCAP). The value of Connaught units in LTCAP at April 30, 2003 was \$73.4M.

Total program expenditures for 2002-03 amounted to approximately \$6.3M. Connaught Fund financial statements for the period ending April 30, 2003 are attached as Appendix D.

6. CONNAUGHT PROGRAMS OF RESEARCH SUPPORT

In 1992, the Committee implemented a number of new or revised programs resulting from a comprehensive review of the Connaught Fund. Allocations to these programs were established as a percentage of the Committee's annual expenditure budget. Three years later the Committee conducted a follow-up assessment of the new slate of programs and certain adjustments were made. The basis for allocations to programs was shifted to a system based on factors such as the previous year's experience, with the exception of the Graduate Student Scholarship program which is normally increased annually by an inflation factor.

i) Graduate Student Scholarships

The Connaught Graduate Student Scholarship program began in 1974-75 to assist the University in attracting exceptional graduate students. Originally, the Connaught Terms of Reference limited graduate student support to 10% of the annual Connaught budget. However, the Committee has traditionally viewed graduate student support as a priority and this restriction was subsequently removed from the Terms.

When the Scholarships were instituted, they were intended as prestigious, non-renewable entrance scholarships for students beginning a doctoral program. Masters students were also considered, particularly if they were entering a program with a strong research emphasis and if they gave indication of an intention to proceed to a doctoral research program. In 1980 the Committee accepted a proposal from the Graduate School to make the Scholarships renewable and therefore tenable for up to three years. Renewal of a Connaught Scholarship is conditional on the candidate having applied for a major external award, maintaining high academic performance in the "A" range, and receiving the support of their department. The Connaught Scholarship has always been unique in that it covers the academic tuition fee for both visa and domestic students.

In 1990-91, permission was given to the Graduate School to use Connaught Funds to "top up" other scholarships. In this way, Connaught recipients who had also been awarded other scholarships were encouraged to accept those other awards and the bulk of the Connaught funding that would have supported them could be used to support other deserving graduate students. During a Committee meeting in 1995-96, it was agreed that allocation of "top-up" awards must be managed in a way that ensures that the principles of excellence and equity are upheld. The honorific, financial and extended tenure benefits of a Connaught Scholarship must accrue to the most deserving students.

As a result of the Connaught Fund Review, the 1992-93 allocation to the Scholarships program was set at 43% of the Committee's expenditure budget, approximately \$1.3M. In recent years, the Committee's allocation to Graduate Scholarship has been increased each year by inflation. In 1995-96, the possibility of leveraging funds through the recently announced Ontario Student Opportunities Trust Fund was explored. It was ultimately determined that while this provincial initiative held great potential for the University, especially in the context of the Campaign, Connaught funds were not eligible as matching funds.

In 1997-98, the Graduate School reviewed the Connaught Scholarship program and decided to revise the mechanism for allocating Connaught Scholarship funds. The Connaught scholarship budget was originally divided equally amongst the four SGS divisions and now has been altered to reallocate funds to divisions according to full-time doctoral enrolment. The Committee approved this proposal in September 1998 retroactively. This new mechanism would be phased in over a five year period.

In March 1999, the Graduate School requested that Connaught Scholarships be tenable for a four year period rather than the current three year period, with the understanding that the department and not the Connaught Fund would be responsible for providing funds in the fourth year. The recruitment power of the Connaught's would be increased by the potential for four years of confirmed support through a prestigious scholarship.

The Connaught Committee also approved the Graduate School's request to direct a greater share of Connaught Graduate Scholarship support to the humanities and social sciences divisions from the physical and health science divisions, due to the availability of Ontario Graduate Scholarships in Science and Technology (OGSST). This request was only sought for 1999-2000. A comprehensive analysis on the optimal long-term allocation of Connaught funds across graduate divisions was underway with the intention of bringing a new allocation mechanism to the Connaught Committee. In March of 2002 a new proposal from the Graduate School was approved. The new program structure increases the University's competitiveness in attracting excellent foreign graduate students. The SGS Annual Report is attached as Appendix E.

ii) New Faculty Start-Up Grants

Beginning in 1992-93, 10% of the Connaught annual expenditure budget was allocated to this program to provide start-up grants for all new tenure-stream appointees up to and including the rank of Assistant Professor. The purpose of these grants is to help meet some of the immediate costs of initiating research, and to serve as a recruitment tool to assist in attracting excellent new junior faculty to the University. Initially, the value of the award was set at \$6,000. Two years later it was increased to \$6,200 to take account of inflation. It was recognized that the amount of the grant would have a different relative impact in various disciplines. Although the "semi-automatic" nature of these awards would normally be considered inconsistent with the Connaught tradition of selectivity and excellence, the Connaught Committee was of the opinion that the competitiveness and thoroughness of the search process for tenure-stream appointments would ensure the high standards associated with Connaught awards.

Advice received during the three-year assessment led the Committee to allocate additional support to this program, enabling a further increase in the value of the awards. As of 1 July 1996, every new tenure stream appointee received a Start-up Grant of \$10,000. Effective May 1, 1998, the Start-up Grant was made available to all new faculty appointments regardless of professorial rank. Given the increasingly competitive market in which we have to attract new appointees to the University and the fact that all new appointees have start-up costs that need to be addressed upon their arrival at the University, the Connaught Committee has decided to extend the eligibility to tenured appointments. The impact of this change on the budget allocation to the program was expected to be marginal. The cost of this program, however, has increased significantly due to increased hiring associated with faculty renewal. At the outset of the program, approximately 50 awards were made each year. In 2002-03 the number increased to 167. High levels of demand are projected to continue for the next several years.

iii) New Staff Matching Grants

These grants are awarded on a competitive basis to faculty appointees up to and including the Assistant Professor level who are in the first two years of an appointment at the University of Toronto. The purpose of this new program is to help launch new, junior faculty and to increase their competitiveness for external funding. The Connaught Committee provides successful applicants with \$2 for every \$1 committed by the applicant's University department from its operating budget or other discretionary funds, to a maximum from Connaught of \$30,000 per applicant. In 1992-93, the allocation to this program was set at 15% of the annual expenditure budget.

In the course of the program assessment, some program modifications were made. The Connaught Committee decided that unsuccessful New Staff program applicants who were still within the two-year eligibility window would henceforth be permitted to reapply once. Also, in the interest of enhancing the leveraging aspect of the program, applicants would be required to provide evidence of application or a commitment to apply for external sponsorship for their research. Finally, the Committee considered the fact that participation in this program from faculty

in the humanities and social sciences has been disproportionately low. To the extent that this lack of participation results from a department's inability to provide matching funds, the Provost would encourage Principals and Deans to make the match.

While adjudicating 1999-2000 awards, the Life Sciences Review Panel conveyed concern as to whether certain new faculty, particularly in the clinical departments, have sufficient time available for research due to competing professional demands. The department heads therefore were asked to address the issue of dedicated research time in their component of the application package.

Fifty-eight awards (selected as a result of competitions held in 2001-02) were supported in 2002 - 2003, at a total cost of \$1.2M. Names of awardees are attached as Appendix F.

iv) Research Fellowships in the Humanities and the Social Sciences

Senior Fellowships in the humanities were initiated in 1977 for a three-year trial period. The program was formalized in the Terms of Reference in 1979 and extended to the social sciences in 1980. This program was designed to assist scholars by allowing them to devote full time to their research. Connaught Fellowships are offered in light of the fact that relatively fewer external resources are available in the humanities and social sciences than in the physical sciences, engineering and life sciences. The Committee believes that if the University's competitiveness in seeking that limited external funding is to be increased and important areas of research to be supported and developed, there is a need to continue special support in this area. The Senior Fellowships program was replaced by the Research Fellowships program as a result of the Connaught Review. Approximately 10% of the annual expenditure budget was earmarked for this program.

The Research Fellowships program differs from its predecessor in that the fellowship period was shortened from 12 months to 6, in light of the University's new sabbatical arrangements (which permit a half-year sabbatical every three years) and in order to permit more faculty to benefit from the program without increasing the length of time away from teaching and the funding allocated to this program. The grant associated with the fellowship was increased from \$2,000 to \$5,000 and fellows are given the option of taking that amount as a stipend. Perhaps the most significant change to the program was signalled by the removal of the word "senior" from its title, denoting a shift toward enhancing the candidacy of younger scholars who, through research undertaken during a Connaught Fellowship, might be assisted to higher levels of achievement and success with external sponsors. Up to four Fellowships are normally awarded each year in the humanities and social sciences respectively.

In September 1998, the Committee agreed to increase the value of the Fellowships, beginning in 1999-2000, from \$33,000 to \$40,000 toward the cost of a teaching replacement. The stipend/research allowance will remain the same at \$5,000 for the Fellow.

For 2002-03, seven fellowships were awarded in the Humanities and the Social Sciences (one awardee declined in favour of the Guggenheim Fellowship). Names of the 2002-2003 Connaught Fellows (selected as a result of competitions held in 2001-02) are attached (Appendix G).

v) International Symposia/Colloquia

In March 1995 the Connaught Committee launched a pilot project to support major colloquia or symposia at the University of Toronto. This opportunity was offered in keeping with the Connaught Fund terms of reference which describe the purpose of the Fund as "the promotion of research and the application of the professional expertise and resources of the University to matters of public interest in all research fields." It is the Committee's intent that, through this

initiative, knowledge will be advanced and the international profile of the University of Toronto will be further enhanced.

Submissions to this program were required to demonstrate that the proposed event will be international in terms of scholarly/scientific significance and attendance, and must include the meaningful involvement of graduate students. Applications are adjudicated by the Vice-President – Research and the Research Advisory Board.

In May 1998, the Committee re-examined the role of this program and realized that distribution of funding across many smaller conferences was at odds with the program's original vision of more focused funding of one or two major events each year. The Committee agreed to support at least one larger, very high profile event each year in addition to maintaining support to smaller, high impact conferences. The selection of the larger symposia will be at the discretion of the Vice-President, Research and International Relations.

In 1999-2000, the Research Advisory Board proposed that the guidelines be revised to further strengthen the understanding that the program was designed to support "one-off special" events. Increasingly, applications are being received for recurring conferences or satellite meetings of recurring conferences.

The Committee's allocation to this program was \$119K for 2002-2003 (as a result of competitions held in 2001-02). This allocation includes \$70K for the regular competition, \$50K to support the University of Toronto's 175th Anniversary Symposium.

A list of the International Symposia/Colloquia recipients is attached (Appendix H).

vi) McLean Award

The McLean Endowment was created in 1995-96 by a gift of \$1 million from Mr. William F. Mclean, alumnus and benefactor of the University of Toronto. The purpose of the Mclean Endowment is to support outstanding basic research at the University of Toronto in the following fields: physics, chemistry, computer science, mathematics, the engineering sciences, and the theory and methods of statistics. The McLean Endowment will be preserved in perpetuity and the real income from the endowment will be matched annually with proceeds of the University's Connaught Fund to create the McLean Award in the amount of \$100,000. The principles of peer review and the high academic standards which dictate the allocation of funds from the Connaught Fund also apply to the annual adjudication for the McLean Award.

The purpose of the The McLean Award is to provide extraordinary support to a leading researcher early in his or her career by assisting the awardee to attract and support graduate students and post-doctoral fellows of great promise as part of his/her research team. The award recipient will be known as the McLean Senior Fellow. Students and post-doctoral fellows receiving support from the Award will be known as McLean Graduate Fellows and Mclean Post-doctoral Fellows respectively.

The first McLean Award competition was held in 1995-96. Because the McLean endowment had not yet generated sufficient revenue to support its share of the award, the entire \$100,000 was provided by the Connaught Fund. Responsibility for adjudication and formulation of an award recommendation is assigned to the Connaught Physical Sciences and Engineering Review Panel. The review process occurs in two stages, the second stage involving the solicitation of expert reviews from international leaders in the specified fields.

The 2004 McLean Senior Fellow was awarded to Professor Eckhard Meinrenken from the Department of Mathematics. Professor Meinrenken is recognized as a leading figure in the field of equivariant symplectic geometry. His research focuses on the geometry of spaces originally described in physical theories that illustrated the forces between elementary particles such as

electrons. Meinrenken was described by a reviewer as “one of the best mathematicians of his generation”. The Physical Sciences and Engineering Review Panel continues to find it difficult to choose just one winner among an exceptional group of applicants.

Past recipients of this award are Professor Kim Vicente, Mechanical and Industrial Engineering (2003); Jerry Mitrovica, Physics (2002); Professor Lisa Jeffrey, Mathematics, Scarborough (2001); Professor Boris Khesin, Mathematics (2000); Professor Lewis Kay, Medical Genetics (1999); Professor Ian Manners, Chemistry (1998); and Professor Sajeev John, Physics (1997).

vii) Special Initiatives in the Humanities and Social Sciences

In 1997-98, the Connaught Committee approved the use of Connaught funds in support of four new special initiatives in the humanities and social sciences. These initiatives were developed as a result of broad consultation with the U of T research community and reflect recognition of the highly constrained funding opportunities available in these disciplines. These programs require the contribution of endowment funds by the Connaught Fund, the University's EAF and private donors. The four initiatives are: Endowed Chairs, Distinguished Visitors, Research Fellowships and Graduate Scholarships.

The **Distinguished Chairs** and **Research Fellowships** programs realized particular success in the Humanities, through the generous contributions of Chancellor Hal Jackman. The result is the creation of the Jackman Professorships in the Arts (a variation on the proposed “Distinguished Chairs”) as well as the ability to double, over time, the number of Research Fellowships awarded annually – those Fellowships now carrying the title of “Chancellor Jackman Research Fellowships in the Humanities”. Unfortunately, no donor was found to support the Distinguished Chairs or the Research Fellowships in the Social Sciences, and the window of opportunity has now closed.

The **Distinguished Visitors** program was created to provide an opportunity to attract world-recognized scholars, who could not be recruited on a full-time basis to the University, as visitors for a short period of time. This initiative requires \$1.5M endowment, \$500K each from Connaught, EAF, and a private donor, which would establish an award of \$75,000 annually to support the Distinguished Visitor. To date, three matching arrangements have been finalized. The Ross Johnson Distinguished Visitor in the Centre for the Study of the United States was the first to be established. The Distinguished Visitor in Planning (Social Sciences) and the Distinguished Visitors in Composition (Humanities) are now also underway.

The **Graduate Scholarships** program was created to establish more than twice the current Connaught allocation to graduate students in the humanities and social sciences. In October 2000, given only modest success in attracting donors for the Graduate Scholarships program as it was designed, the Committee decided to modify the program to increase the leveraging potential through the Province's OGS program. An external gift of \$50K combined with a \$50K match from Connaught would provide an annual award of \$5K. This amount would be matched with \$10K from the Ontario Government for a total scholarship of \$15K. Approximately \$9.1M of Connaught endowment has been designated for matching in the OGS program, enabling approximately 180 awards.

viii) Seed Funding for Research Clusters

The Committee noted that due to a greater than expected payout at the end of the 2001 fiscal year and lower than projected expenditures in certain programs, including the Start-up Grant program, a significant budget surplus was anticipated at the end of fiscal 2002. The Committee agreed to use this surplus in support of a one-time program to strengthen strategic research planning within the University. “Connaught Seed Support for Research Clusters” was devised and implemented in 2001-02 with the goal of selectively supporting a small number of research initiatives where the University is poised to move into a position of international leadership. Thirty-

eight submissions were received requesting a total of \$7.7M. Seven awards were approved for an expenditure in 2002-03 of just over \$1M. A list of these awards is attached (Appendix I).

ix) Connaught Miscellaneous Fund

The Connaught Fund is a designated recipient of net royalty revenues from inventions income to the University. These funds are placed into the Connaught Miscellaneous Fund to be used at the discretion of the Vice-President, Research & International Relations. The funds are applied in a manner consistent with Connaught's emphasis on excellence and selectivity for new leveraging initiatives or to take advantage of special opportunities to generate matching funds in support of research.

In 2002 – 2003 no expenditures from this source were made. As of April 30, 2003 the fund contained approximately \$300K.

SUMMARY

In 2002 - 2003, the Connaught Fund continues to support superb University of Toronto faculty members and graduate students through its existing programs and contribution of valuable leveraging funds. This unique resource assists in setting the University of Toronto apart as Canada's leading research-intensive university with faculty and students whose excellence is acknowledged internationally.