



University of Manitoba

REPORT ON THE UNIVERSITY INVESTMENT TRUST 2013-2014

Thank you!

The University of Manitoba is fortunate to be supported by a philanthropic community that puts education front and centre.

A strong endowment fund has a lasting impact on the academic quality of a university and provides reliable financial support for students and researchers far into the future.

Last year, the University of Manitoba's endowment fund, the University Investment Trust (UIT), grew to more than half-a-billion dollars thanks to the incredible support of our donors and skillful investment strategies.

With a market value of \$511 million, up from \$424 million last year, the UIT is the seventh largest endowment fund among Canadian universities.

An outstanding return of 19.8 per cent, outperforming our benchmark of 17.7 per cent, plus \$8.5 million in new gifts to endowment funds, generated this remarkable growth in the UIT in 2013-14.

With an additional \$5.8 million in gifts to Specific Trust funds, the vision and generosity of our donors is helping the University of Manitoba's people, places and programs flourish by securing its future with a strong endowment fund.

The University Investment Trust's performance continues to exceed expectations, generating more income for awards, academic programming and research. The amazing generosity of our donors past, present, and future continues to create exciting opportunities and experiences for our students, faculty and community. Thank you.



— Dr. David T. Barnard,
President and Vice-Chancellor, University of Manitoba

FAST FACTS:

- The UIT generated \$17 million last year to support the university's people, places and programs.
- The Alumni Association has made a major investment in graduate student support through a \$500,000 gift that will match alumni gifts to create an endowed graduate fellowship fund worth up to \$1 million.
- Generous donors helped create 35 new endowed student award funds in 2013-14 to ensure access to high quality education and foster academic excellence.
- Over 300 endowed funds support the university's graduate students.
- More than 20 endowed chairs and professorships made possible through generous gifts are fostering our faculty's innovative research.
- Strong growth since 2008-09 has helped the UIT to quickly rebound from that year's economic downturn. The university is on strong footing with a five-year return of 14.2 per cent on the endowment since March 2009.



PORTFOLIO MANAGEMENT

Most portfolios in the University Investment Trust delivered exceptional returns in 2013-14. The equity markets in the U.S. proved to be strong investments as the economy and stock values experienced high rates of growth. The best performing asset class over the past year was the U.S. equity mandate, returning an excellent

35.6 per cent over the 12-month period. J.P. Morgan, the UIT's U.S. portfolio manager, had a top quartile return for the period, outperforming the S&P 500 Index return by 3.2 per cent.

Both of the other two equity portfolios realized similar one-year returns close to 23 per cent, with Burgundy Asset

Management performing very strongly in the Canadian market. Burgundy has managed the Canadian portfolio since May 2009, and outperformed the S&P/TSX index in every year thereafter. Its return since the inception of the fund is 16.9 per cent, versus an index return of 11 per cent over that period.

You Create Knowledge and Innovation

Donors who support endowment funds play a vital role in helping solve today's medical mysteries. The endowed Flynn Family Chair in Renal Transplantation is helping to ensure a better quality of life for future generations.

"The enduring support that endowment fund donors have provided through the Flynn Family Chair in Renal Transplantation has established the University of Manitoba as a leader in kidney transplant research and mentorship. Kidney disease affects thousands, many of whom are waiting for transplants and experiencing a diminished quality of life. The visionary generosity of the university's donors is giving Manitobans access to enhanced care and has helped us to build a tremendous team of researchers who are making significant contributions to the field."

— Dr. Peter Nickersen, Professor of Medicine and Immunology, Associate Dean (Research), Flynn Family Chair in Renal Transplantation



Dr. Peter Nickersen



Andrea Edel

You Give Graduate Students a Chance to Shine

Andrea Edel is a doctoral student in physiology whose success has been fostered through the support of endowed fellowships. This year, Andrea's thesis on flaxseed as a prescription for high blood pressure and cholesterol took the top prize at the U of M's second-annual Three-Minute Thesis (3MT) competition, as well as people's choice in the regional division competition. In fact, among the nine 3MT finalists, six received funding from donor-created endowment funds. This support is vital to their graduate studies.

"The funding I received from the James Gordon Fletcher PhD Fellowship and the Pawan K. Singal Graduate Scholarship in Cardiovascular Sciences has been critical to my research success. I am so grateful for the generosity that has allowed me to focus my attention on my studies by alleviating financial stress. My achievements in the 3MT wouldn't have been possible without this amazing support."

— Andrea Edel [BSc/96, MSc/99]

CREATING OPPORTUNITIES: THE UIT AT WORK

The University Investment Trust has generated a spending allocation of \$17 million for the 2014-15 fiscal year, up from last year's distribution of \$16.2 million. This additional \$800,000 translates to more student awards, research grants, first-rate lecturers, and high-quality equipment and spaces for the University of Manitoba and its students.

Over the last five years alone, the fund has disbursed almost \$77 million in income to its beneficiaries. Made up of

more than 2,000 individual accounts, the UIT is an integral source of funding, which is not only directed at core needs, but also to supplementary programs, initiatives and emerging opportunities.

Students today have improved access to post-secondary education, exciting educational opportunities and encouragement to excel.

The UIT's real power, however, is that it will continue to provide opportunities and experiences to generations of students to come.

ENDOWMENTS AT WORK

- The Leslie F. Bugey Professorship in Pharmacy is the first research professorship in the faculty's history thanks to the generosity and foresight of the Bugey family. The inaugural Bugey Professor is longtime faculty member Dr. Keith Simons.
- Since the creation of the Asper Chair in International Business and Trade Law, more than 30 students have emerged from courses or summer programs taught by Chair Dr. Bryan Schwartz with their first credits for a referenced publication.

You Foster Indigenous Success

The University of Manitoba has one of the largest Indigenous student bodies in Canada, with more than 2,000 students. Generous donors are helping Indigenous students like Crystal Cook achieve their goals through the 41 endowed funds that support Indigenous people, places and programs.

"I am profoundly grateful for the university's donors. Awards like the Joan and Dean Sandham Scholarship in Aboriginal Health Professional Leadership could not have come at a more appropriate time or have been more welcomed. It had been a long and financially constrained year of graduate studies and I was at the end of my rope. You can imagine the joy and relief I felt at receiving awards that allowed me to continue on in my studies.

I am Strong Heart White Bear Woman of the Swampy Cree Nation from Misipawistik Cree Nation that lies where the Saskatchewan River meets Lake Winnipeg. My Master of Nursing specialty is dialysis. With a growing number of First Nations people becoming dependent upon this therapy, I felt the need to return to school so that I could provide services that I could see were not being provided to the northern population.

It is my wish to provide holistic care to patients and their families who are living with dialysis and to study the impact this has made within their lives and their culture. I want to make their lives better and easier. Ultimately, it is my wish to reduce the incidence of dialysis within this population.

Migwetch."

— Crystal Cook, [BN/08], Master of Nursing student



Crystal Cook

DEFINITIONS

The Spending Policy: Set with two goals in mind: to provide annual allocations with minimal volatility to help beneficiaries plan and budget effectively from year to year, and to preserve the long-term capital of the University Investment Trust.

It is based on a hybrid formula that pays out an inflationary increase over last

year's payout, plus an additional amount based on the 60-month rolling average of market values of each endowment fund.

The result of the policy is an average spending rate of 4.2 per cent.

Trust Investment Committee: Advises the university's Board of Governors on

the management of the UIT, makes recommendations on all matters related to the investment and distribution of endowment assets, establishes guidelines for investing assets and is responsible for hiring and reviewing investment managers.

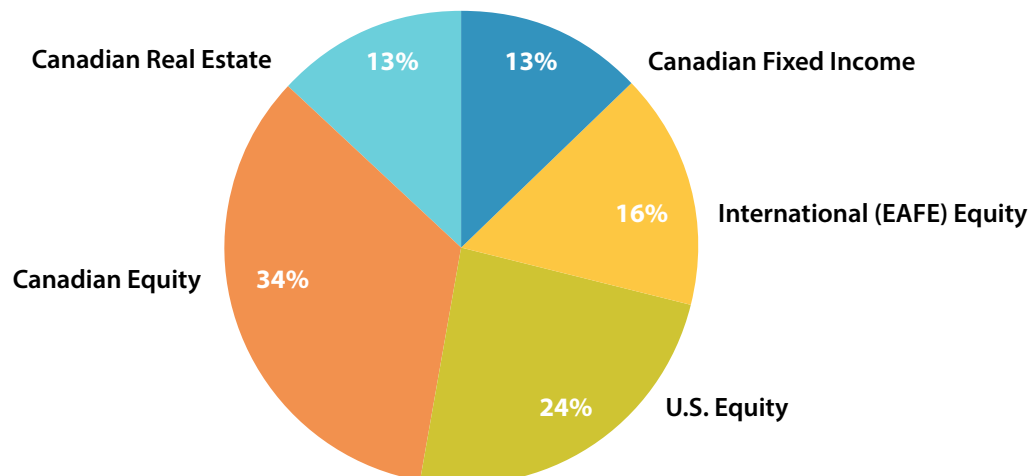
ANNUALIZED INVESTMENT PERFORMANCE

As of March 31, 2014

	1 YEAR	2 YEARS	3 YEARS	4 YEARS
Total Portfolio	19.8 %	17.6 %	13.2 %	13.0 %
Benchmark	17.7 %	13.7 %	9.5 %	10.3 %
Canadian Bonds	0.7 %	2.7 %	4.2 %	4.4 %
Benchmark	1.1 %	2.4 %	4.2 %	4.2 %
Canadian Equities	23.1 %	20.2 %	12.7 %	14.8 %
Benchmark	16.0 %	10.9 %	3.6 %	7.5 %
U.S. Equities	35.6 %	26.3 %	21.0 %	18.5 %
Benchmark	32.4 %	23.8 %	19.6 %	17.3 %
International Equities	23.3 %	19.8 %	12.0 %	10.2 %
Benchmark	27.7 %	20.1 %	11.8 %	10.3 %
Canadian Real Estate	9.7 %	13.7 %	14.8 %	13.0 %
Benchmark	13.6 %	13.3 %	14.0 %	13.5 %

ASSET ALLOCATION OF THE UNIVERSITY INVESTMENT TRUST

As of March 31, 2014



You Help Our Students Explore the World

Once-in-a-lifetime learning experiences are created every year by the university's donors. Fiona Axelsson [BSc/14] took her Icelandic studies to the next level thanks to an endowed award.

"The Olson/Jonsson Scholarship for Study in Iceland allowed me to spend a month immersing myself in a foreign culture and learning a new language in the field! Taking Icelandic language and culture courses at the U of M is quite an opportunity, but being able to take it one step further and find myself in an Icelandic field school surrounded by Iceland's history and language is the experience of a lifetime.



Fiona Axelsson

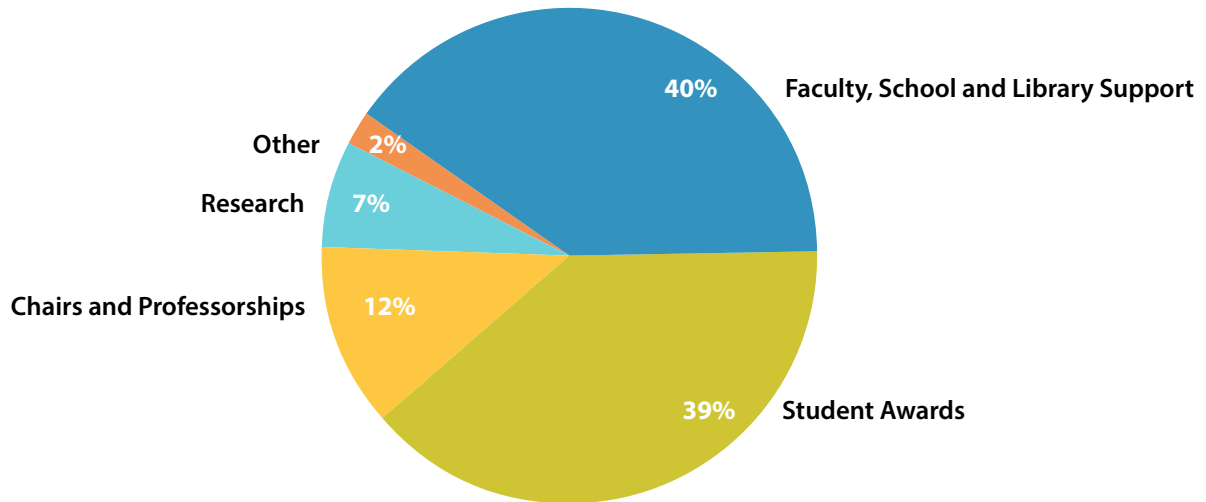
The Olson/Jonsson scholarship played a significant role in my field school adventure. Without it, travel studies abroad wouldn't have been a possibility for me. It covered a majority of the costs of the field school, including course fees and accommodations, travel within Iceland and private lectures. I am grateful for this scholarship and will forever have fond memories of my experience in Iceland."

— Fiona Axelsson [BSc/14]

SPENDING ALLOCATION (by purpose)

\$17.02 MILLION

As of March 31, 2014



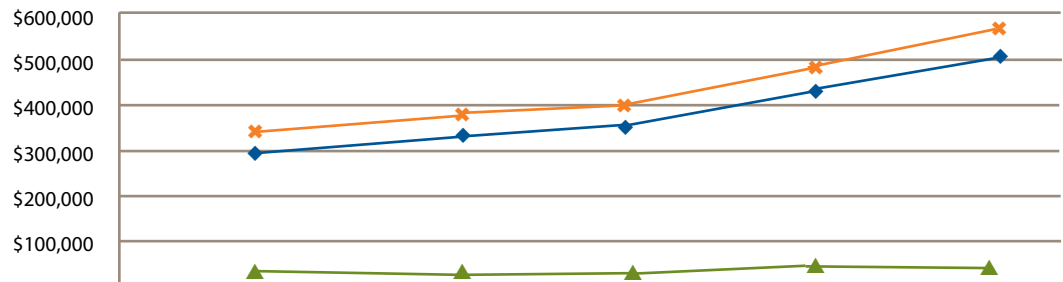
EXPENSES OF THE FUND

- As a percentage of average market value 0.81 per cent
- Investment management (\$2.20M)
- Custodial, performance, consulting and administrative (\$1.61M)

University of Manitoba Endowment Fund

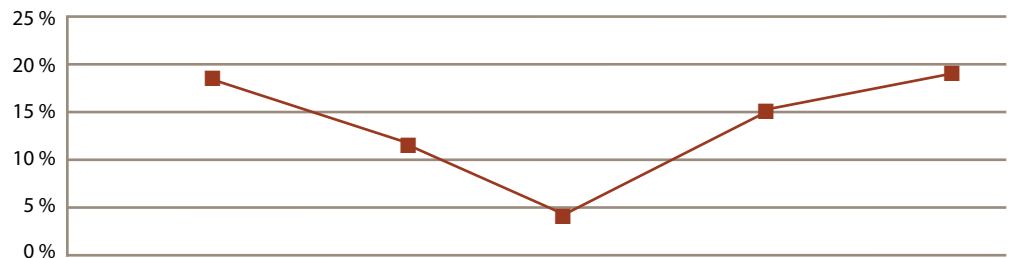
FINANCIAL HIGHLIGHTS (by fiscal year)

MARKET VALUE OF THE UNIVERSITY INVESTMENT TRUST AND SPECIFIC TRUSTS (in thousands)



	2010	2011	2012	2013	2014
◆ Market Value of the UIT	\$300,965	\$342,284	\$357,105	\$423,942	\$510,548
▲ Market Value of the Specific Trusts of the UIT	\$37,747	\$28,187	\$35,504	\$48,126	\$44,880
✱ Total Market Value of All Funds	\$338,712	\$370,471	\$392,609	\$472,068	\$555,428

ANNUAL RETURN OF THE UNIVERSITY INVESTMENT TRUST



	2010	2011	2012	2013	2014
Annual Return of the UIT	18.8 %	12.4 %	4.9 %	15.5 %	19.8 %

DONATIONS TO THE UNIVERSITY INVESTMENT TRUST AND SPECIFIC TRUSTS (in thousands)

	2010	2011	2012	2013	2014
Donations to the UIT	\$12,157	\$17,141	\$15,641	\$11,013	\$8,511
Donations to the Specific Trusts	\$9,714	\$5,390	\$5,960	\$15,774	\$5,833