

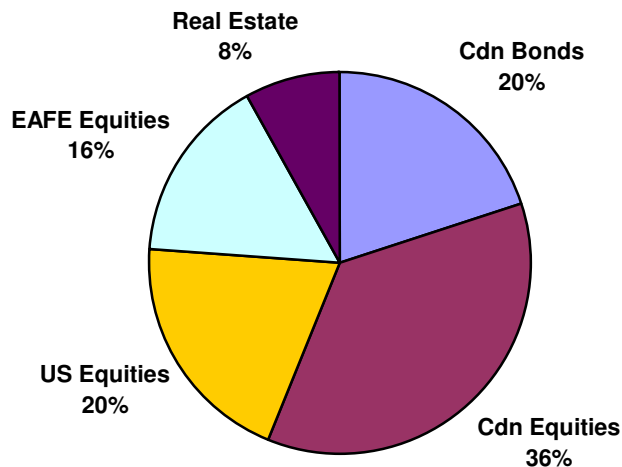


**The University Investment Trust (Endowment)
Quarterly Review for the period ending December 31, 2007**

The University Investment Trust (UIT) – the endowment operates as a large pooled fund that supports a wide variety of needs at the University, such as research, operating expenses, capital projects, athletics, libraries, and of course, a large part of the endowment is directed toward student support by way of scholarships, bursaries, and awards. The endowment grows through gifts from generous donors, and through investment returns. The endowment is a key contributor to ensuring the University is successful in achieving its goals and objectives. Since the end of fiscal 2000, the endowment has grown from \$144 million to the current value of \$317 million. On top of that, there are trust and endowment funds outside of the UIT that also support various activities. Due to donor’s wishes or liquidity requirements, these funds are invested in fixed income instruments. The value of these funds is currently \$45 million.

Asset Mix, Investment Managers and Investment Performance

The **asset mix** of the UIT, as of December 31, 2007 is as follows:



Investment Managers

- AMI Partners
 - Canadian Bonds
 - Canadian Equities
 - US Equities
- Legg Mason Brandywine
 - EAFE Equities
- Great West Life
 - Real Estate

Total market value of UIT - \$317.0 million

Real Return Investment Performance - Overall UIT
As at December 31, 2007

	3 months	1 year	3 year	5 year
Annualized Return	-1.6%	0.1%	8.2%	9.8%
CPI	0.2%	2.6%	2.0%	2.0%
Real Return	-1.8%	-2.5%	6.2%	6.8%

Investment Performance – Individual Asset Mandates

As at December 31, 2007

Annualized Returns for the Individual Asset Mandates

	3 months	1 year	3 year	5 year
Canadian Bonds	4.1%	4.0%	4.9%	5.7%
Canadian Equities	-4.4%	5.3%	14.4%	17.2%
U.S. Equities	-4.5%	-11.1%	0.7%	3.5%
EAFE Equities	-0.9%	-5.7%	8.9%	9.6%
Real Estate	3.5%	12.0%	n/a	n/a

Investment Performance Recap - – the world's stock markets continue to tumble in the final quarter of 2007: the S&P/TSX index was down 1.3%; the S&P 500 Index (in \$Cdn) fell 4.1%; and the MSCI EAFE Index (in \$Cdn) dropped 2.4%. Investors continue to be concerned about the U.S. economy and the significant problems related to the fallout of the housing market and sub-prime mortgage issues. These credit concerns have caused many major US and International banks to record large losses on their balance sheets. The US economy is forecasted to remain soft in the first half of 2008, and investors hope that the US Federal interest rate cuts will help rally the economy in the second half of the year. The strength of the Canadian dollar has also hurt foreign investment returns converted into our domestic currency. The \$US dollar depreciated 15.2% against the \$Canadian dollar over the past year, basically negating any positive returns achieved in this investment marketplace. On the bright side, the endowment's investment in real estate has performed well, earning a return of 12% in 2007. Given the endowment's equity oriented investment strategy, the poor performance of stock markets over the past 12 months has resulted in flat annual return for the endowment of 0.1%.

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