



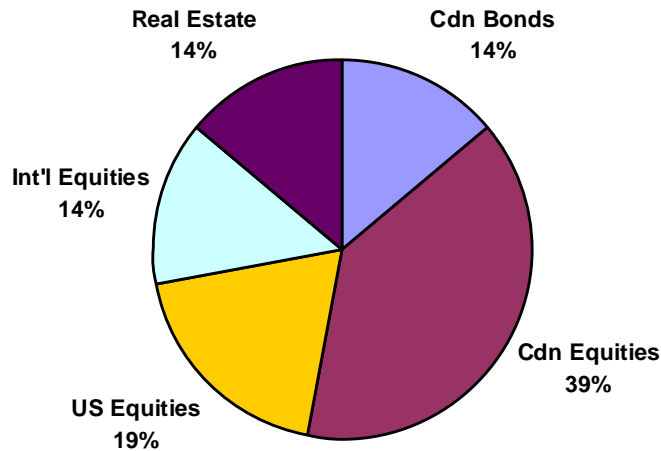
UNIVERSITY  
OF MANITOBA

**The University Investment Trust (Endowment Fund)  
Quarterly Review for the period ending December 31, 2010**

**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 prizes. 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 \$325 million. On top of that, there are trust and endowment funds outside of the UIT that also support various activities. Due to liquidity requirements, these funds are invested in cash equivalent and fixed income instruments. The value of these funds is currently \$37 million.

**Asset Mix, Investment Managers and Investment Performance**

The **asset mix** of the UIT, as of December 31, 2010:



**Investment Managers**

- AMI Partners
  - Canadian Bonds
- Burgundy Asset Mgmt
  - Canadian Equities
- Legg Mason GC
  - International Equities
- JP Morgan
  - US Equities
- GWL Investment Mgmt
  - Real Estate

**Total market value of UIT - \$325 million**

## Annualized Real Return Investment Performance - Overall UIT

As at December 31, 2010

|             | 3 months | 1 year | 2 year | 4 year |
|-------------|----------|--------|--------|--------|
| Return      | 4.8%     | 10.5%  | 11.7%  | 0.1%   |
| CPI         | 0.5%     | 2.4%   | 1.8%   | 1.8%   |
| Real Return | 4.3%     | 8.1%   | 9.9%   | -1.7%  |

## Investment Performance – Individual Asset Mandates

As at December 31, 2010

Annualized Returns for the Individual Asset Mandates

|                        | 3 months | 1 year | 2 year | 4 year |
|------------------------|----------|--------|--------|--------|
| Canadian Bonds         | -0.7%    | 6.0%   | 2.3%   | 5.1%   |
| Canadian Equities      | 7.2%     | 18.7%  | 26.1%  | 2.5%   |
| U.S. Equities          | 8.2%     | 12.0%  | 10.6%  | -3.7%  |
| International Equities | 2.9%     | 0.8%   | 5.2%   | -7.7%  |
| Real Estate            | 2.2%     | 4.8%   | 3.2%   | n/a    |

**Commentary** – Equity markets throughout the world had a good year in 2010 despite concerns over credit crises in several European countries, as well as global trade imbalances and fiscal problems in many other developed countries. However, developed economies continue to recover and emerging economies continue to expand. The U.S is extending steps to stimulate the economy, and the markets have responded. Corporate profitability remains strong, and valuations in the stock markets are attractive. The Canadian equity market remains robust and has recovered most of the value lost in 2008/2009. The equally strong Canadian dollar has hampered the relative returns of US equities and International equities, which are reported in \$Cdn. Bond returns in the 4<sup>th</sup> quarter were negative due to continued stimulus through quantitative easing.

The endowment portfolio has had particularly strong performance from the Canadian and U.S. equity mandates. Burgundy's portfolio returned 18.7% for the year (versus the S&P/TSX benchmark of 17.6%) and J.P. Morgan's portfolio returned 12.0% (versus the S&P500 benchmark of 9.4%). Both represent encouraging results from recently hired managers of endowment assets.

If you have any questions or comments, please contact Lance McKinley, Manager of Treasury Services, at 474-9440 or [lance\\_mckinley@umanitoba.ca](mailto:lance_mckinley@umanitoba.ca)