



UNIVERSITY
OF MANITOBA

THE UNIVERSITY

Investment Trust Quarterly Review

Quarter ended December 31, 2000

The University Investment Trust (UIT) operates as a pooled fund, whereby new contributions to the fund are assigned units based on the current market value of the units. The use of a pooled fund ensures that the capital of existing unitholders is preserved and the equitable distribution of income, while at the same time providing a larger dollar base for investment purposes. This makes it more cost effective while at the same time providing an opportunity for generating higher returns through diversification. Income earned on these funds is used to fund various activities such as scholarships, research, or general operating expenses.

Asset Mix

Asset Categories	Allowable Range % per the U of M Act *		Actual % of Mkt.	Actual \$ Mkt.
	Min	Max	31 Dec. 00	31 Dec. 00
Bonds	30	50	41	\$67,901
Canadian Equities & Equivalents	35	65	45	\$76,177
Cash & Short Term Notes	-	5	14	\$23,253
			100	\$167,331

* This interim asset allocation has been provided to the manager pending finalization of the new Investment Policy Statement by the Trust Investment Committee.

Investment Performance

Return Components	Annualized 4 Year Rtn. to Dec. 31, 2000 %	Annualized 1 Year Rtn. to Dec. 31, 2000 %	Annualized 1 Year Rtn. to Dec. 31/1999 %	3 months to Dec. 31, 2000 %
* Total Fund	11.1	11.6	10.7	-2.4
* Bonds	7.0	10.5	-0.7	3.0
Scotia Capital Universe	6.9	10.3	-1.1	2.9
* Total Canadian Equities	21.0	17.7	28.8	-7.4
* Canadian Equity Pooled	15.5	9.4	26.9	-11.3
TSE 300	12.5	7.4	25.9	-13.6
TSE 300 Capped	-	-	-	-4.9
91 Day Canada Treasury Bills	4.5	5.5	4.7	1.4
Consumer Price Index	1.9	3.2	2.2	1.0

* Represents actual rates of return. Other figures represent comparative benchmarks.

Portfolio Growth

The growth in the portfolio from \$144.3 million to \$167.3 million in the last nine months is the result of new contributions of \$15 million, capital appreciation and investment income, net of spending by beneficiary units. The total investment return for the year ending December 31, 2000 is 11.6%, compared to 10.7% for the previous year.

Important Tax Changes

Both the provincial and federal governments have passed new tax laws, which will benefit any future donations to the University of Manitoba. These changes are summarized below:

Manitoba Tax Changes

Effective January 1, 2001, the provincial non refundable tax credit for charitable donations under \$200.00 will rise from 8% to 10.9%, while the tax credit for donations over \$200.00 will rise from 13.63% to 17.5%.

The table below illustrates the effect of the new changes.

Manitoba Tax Credit

Donation	2000	2001	Increase
\$ 200	\$ 16	\$ 22	38%
500	57	74	30%
1,000	125	162	30%
2,000	261	337	29%

Federal Tax Changes

The federal budget in February, 2000 and the more recent October Mini- Budget contained promising news for people considering philanthropic gifts. Several amendments were introduced that could make gifts of listed securities even more attractive. In February, the federal government announced it's intention to reduce the capital gains inclusion rate from three quarters to two-thirds and to reduce the capital gains taxed when securities are gifted to a public charity like the University of Manitoba from 37.5 to 33.3 percent. The October 18th Mini-Budget announced an immediate further reduction in capital gains tax from two thirds to 50 percent and, if the securities are gifted to a public charity, only 25 percent of the capital gain would be taxed.

This change results in tax savings for those individuals considering making a donation of shares, versus those selling the shares first, and donating the sales proceeds.

Additional information along with an illustrative example can be found at:

www.umanitoba.ca/admin/financial_services/trust/Trust_Funds.htm.

If you have any questions or comments,
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Value

	Book Value (\$000's)	Market Value (\$000's)
Total Portfolio at December 31, 2000	\$142,936	\$167,331
Total Portfolio at March 31, 2000	\$118,144	\$144,288