



UNIVERSITY
OF MANITOBA

THE UNIVERSITY

Investment Trust Quarterly Review

Quarter ended June 30, 2006

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	Target Ranges Per Investment Policy Statement		Actual Market Value	Actual Market Value
	Min %	Max %	%	\$000's
Canadian Bonds	27	35	29.6	\$80,183
Equities:				
Canadian	27	35	33.5	\$90,769
USA	18	23	17.9	\$48,296
Other Foreign	18	23	19.0	\$51,352
Cash & Short Term Notes	-	5	-	-
			100.0	\$270,600

Portfolio Value

	Book Value (\$000's)	Market Value (\$000's)
Total Portfolio at June 30, 2006	\$243,670	\$270,600
Total Portfolio at March 31, 2006	\$235,684	\$277,298

Portfolio Performance

The decline in the market value of the portfolio from \$277.3 million to \$270.6 million in the last quarter is due to the combined UIT investments having a negative return of -4.0%, as shown in the "Investment Performance" table.

Stock and bond markets in both Canada and the United States have performed poorly over the past three months. Short term interest rates have been rising, and fears of further increases to these rates have had a significant negative effect on both stock prices and bond values. The TSE 300 and S&P 500 both had negative returns in the quarter as equities in both countries have been hampered by this tightening phase of monetary policy. Interest rates have been increased in an effort to control inflationary pressures.

The Scotia Capital Universe also had negative returns for the quarter as interest rates have contributed to poor yields on bonds, which has hampered bond valuations.

Investment Performance

Return Components	Annualized 3 Year Rtn. June 30, 2006 %	Annualized 1 Year Rtn. June 30, 2006 %	Annualized 1 Year Rtn. June 30, 2005 %	3 Months June 30, 2006 %
* Total Fund	11.9	7.5	10.8	(4.0)
* Canadian Bonds	4.7	(0.6)	11.8	1.1
Scotia Capital Universe	4.7	(0.7)	12.0	(1.0)
* Canadian Equities	20.3	15.8	21.6	(4.0)
TSE 300 Capped	20.7	19.6	18.0	(3.5)
US Equities:				
* Core Equity	4.9	(1.8)	(0.7)	(6.4)
S&P 500 Index	4.2	(1.2)	(2.8)	(5.8)
* Small Cap Fund	10.1	2.1	(2.1)	(9.4)
Russell 2000 Index	11.2	4.2	0.1	(9.3)
* Int'l Equities	14.4	13.3	4.1	(5.4)
MSCI World excl. U.S.	16.9	15.9	5.2	(3.6)
91 Day Canada Treasury Bills	2.7	3.2	2.4	0.9
Consumer Price Index (Cdn.)	2.3	2.8	1.6	1.6
\$US in \$Cdn (+appreciation, -depreciation)	(6.3)	(9.0)	(8.6)	(4.5)

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

How Can I Make A Tax Deductible Contribution to the UIT?

If you are interested in making a tax deductible donation, please contact Development & Advancement Services at 474-9195.

Questions or Comments?

If you have any questions or comments, please call **Leanne Burkowski, Associate Vice President (Finance), at 474-6095 or Lance McKinley, Manager of Treasury Services, at 474-9440.** This document and other information on the UIT can be found at: www.umanitoba.ca/admin/treasury_services/.