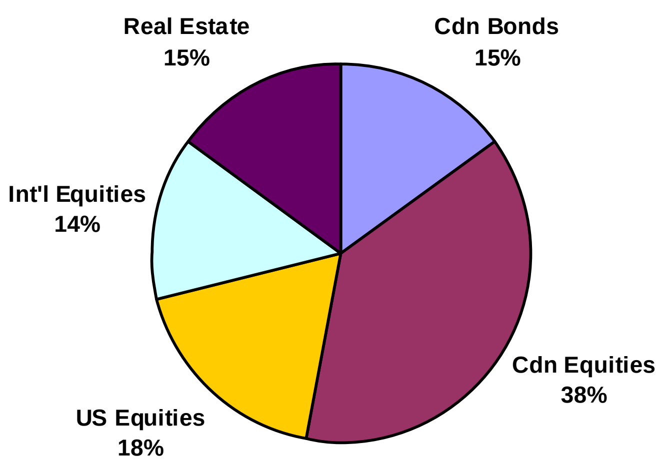
UNIVERSITY OF MANITOBA

The University Investment Trust (Endowment)
Quarterly Review for the period ending June 30, 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 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 $290 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 $40 million.

Asset Mix, Investment Managers and Investment Performance

The **asset mix** of the UIT, as of June 30, 2010:



Total market value of UIT - $290 million

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

Real Return Investment Performance - Overall UIT
As at June 30, 2010

	3 months	1 year	2 year	4 year
Annualized Return	-3.5%	6.6%	-5.1%	-0.1%
CPI	0.5%	1.0%	0.4%	1.5%
Real Return	-4.0%	5.6%	-5.5%	-1.6%

Investment Performance – Individual Asset Mandates

As at June 30, 2010

Annualized Returns for the Individual Asset Mandates

	3 months	1 year	2 year	4 year
Canadian Bonds	2.8%	4.7%	5.6%	6.0%
Canadian Equities	-3.2%	13.3%	n/a	n/a
U.S. Equities	-7.0%	n/a	n/a	n/a
International Equities	-9.3%	-2.0%	-12.6%	n/a
Real Estate	0.2%	0.1%	-1.7%	n/a

Commentary – the second quarter of 2010 saw equity markets stumble due to concerns over a slow economic recovery and fears of a “double dip” recession. The U.S. market is still hampered by higher unemployment, slow housing sales and starts, and weak consumer confidence. Credit quality was also an issue as there is concern over some sovereign debt in European markets like Greece, Portugal, and even Spain, and the ability of those countries to repay the interest on the debt, and refinance maturing credits.

As a result, the endowment fund saw a pullback from levels reached in March 2010. In spite of this there was encouraging results from our individual equity managers, as all three outperformed the comparative indices for the quarter: Burgundy -3.2% (S&P/TSX -5.5%); Legg Mason -9.3% (MSCI EAFE -9.9%); and JP Morgan -7.0% (S&P 500 -7.5%). The Canadian equity mandate, managed by Burgundy since last May, has done particularly well as it has outperformed the S&P/TSX index by 5.3% over the past 9 months, and 2.2% over the past year.