



UNIVERSITY
OF MANITOBA

THE UNIVERSITY

Investment Trust Quarterly Review

Quarter ended June 30, 2004

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 Mkt. Value	Actual Mkt. Value
	Min %	Max %	%	\$000's
Canadian Bonds	27	35	28.5	\$59,689
Equities				
Canadian	27	35	32.3	67,792
USA	18	23	19.8	41,525
Other Foreign	18	23	19.4	40,754
Cash & Short Term Notes	-	5	-	-
			100.0	\$209,760

Portfolio Value

	Book Value (\$000's)	Market Value (\$000's)
Total Portfolio at June 30, 2004	\$200,356	\$209,760
Total Portfolio at March 31, 2004	\$196,625	\$205,975

Portfolio Growth

The growth in the market value of the portfolio from \$206.0 million to \$209.8 million in the last quarter is primarily the result of new gifts and contributions to the University Investment Trust, net of spending by beneficiary units. As shown under "Investment Performance" the Total Fund return for the past quarter was 0.5%, a relatively flat return on investments over the quarter. The TSX/S&P Composite Index was also flat in the quarter, however favourable economic data in June provided for higher stock prices as

the quarter ended. Rising interest rates have caused the bond market to suffer its worst decline since the second quarter of 1994. The Scotia Capital Universe Index returned -2.0% for the quarter, while the bonds in the UIT portfolio returned -1.8%. However, the 1 year annualized return to June 30, 2004 for the Total Fund was 17.6%.

Investment Performance

Return Components	Annualized 4 Year Rtn. June 30/04 %	Annualized 1 Year Rtn. June 30/04 %	Annualized 1 Year Rtn. June 30/03 %	3 Months June 30/04 %
*Total Fund	2.7	17.6	(1.4)	0.5
*Canadian Bonds	7.6	3.4	11.1	(1.8)
Scotia Capital Universe	7.4	3.3	11.3	(2.0)
*Canadian Equities	2.6	23.5	1.6	0.2
TSE 300	(2.7)	24.5	(0.3)	0.0
TSE 300 Capped	2.2	24.5	(0.3)	0.0
US Equities:				
*Core Equity	-	18.2	(11.9)	3.1
S&P 500 Index	-	17.8	(10.5)	4.0
*Small Cap Fund	-	33.4	(14.3)	3.1
Russell 2000 Index	-	36.4	(12.2)	2.8
*Int'l Equities	-	26.8	(14.2)	1.9
MSCI World excl. U.S.	-	31.0	(15.4)	2.6
91 Day Canada Treasury Bills	3.6	2.7	3.0	0.5
Consumer Price Index (Cdn.)	2.6	2.5	2.9	1.5

* 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 Private Funding 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/