

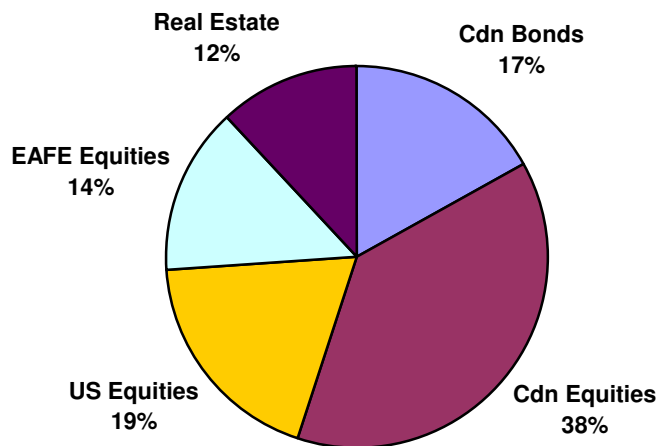


**The University Investment Trust (Endowment)
Quarterly Review for the period ending June 30, 2008**

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 \$314 million. On top of that, there are trust and endowment funds outside of the UIT that also support various activities. Due to donor’s wishes or liquidity requirements, these funds are invested in 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, 2008 is as follows:



Investment Managers

- AMI Partners
 - Canadian Bonds
 - Canadian Equities
 - US Equities
- Legg Mason
 - EAFE Equities
- Great West Life
 - Real Estate

Total market value of UIT - \$314 million

Real Return Investment Performance - Overall UIT				
As at June 30, 2008				
	3 months	1 year	3 year	5 year
Annualized Return	2.0%	-3.6%	6.0%	9.2%
CPI	2.1%	2.2%	2.4%	2.3%
Real Return	-0.1%	-5.8%	3.6%	6.9%

Investment Performance – Individual Asset Mandates

As at June 30, 2008

Annualized Returns for the Individual Asset Mandates

	3 months	1 year	3 year	5 year
Canadian Bonds	-1.3%	6.1%	3.4%	5.1%
Canadian Equities	7.6%	0.0%	12.2%	16.2%
U.S. Equities	-0.6%	-15.7%	-1.7%	2.8%
EAFE Equities	-3.6%	-17.1%	4.1%	8.3%
Real Estate	2.7%	14.5%	n/a	n/a

Investment Performance Recap – the world’s economies continue to suffer in the wake of slow economic growth and rising inflation. Bank liquidity concerns eased during the quarter, however oil and food commodity prices erupted to record levels. Over the past 12 months, oil has appreciated 90%, and price of corn, rice and wheat have all doubled. The US economy continues to flirt with a recession as consumers are faced with falling home prices, tighter credit, and increasing costs. Stock markets outside of North America also reflect concerns over global economic problems. The MSCI EAFE Index, for example, has declined 14.4% (in \$Cdn) over the first 6 months of 2008. What all of this means is that the endowment’s investment return struggles will likely continue throughout the rest of the year as most analysts have forecasted little, if any, recovery in the short-term.

The International Equity team of Brandywine Global has moved under the Legg Mason umbrella, and changed their name to Global Currents Investment Management. The investment strategies of the fund and the personnel have not changed, and Global Currents will continue to manage the University’s EAFE Equity mandate in the same manner as before.

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