



UNIVERSITY  
OF MANITOBA

THE UNIVERSITY

# Investment Trust Quarterly Review

Quarter ended March 31, 2003

**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
<b>Canadian Bonds</b>	<b>27</b>	<b>35</b>	<b>31.0</b>	<b>\$48,818</b>
<b>Equities</b>				
<b>Canadian</b>	<b>27</b>	<b>35</b>	<b>31.5</b>	<b>49,605</b>
<b>USA</b>	<b>18</b>	<b>23</b>	<b>18.8</b>	<b>29,707</b>
<b>Other Foreign</b>	<b>18</b>	<b>23</b>	<b>18.7</b>	<b>29,534</b>
<b>Cash &amp; Short Term Notes</b>	<b>-</b>	<b>5</b>	<b>0.0</b>	<b>0</b>
			<b>100.0</b>	<b>\$157,664</b>

## Investment Performance

Return Components	Annualized 4 Year Rtn. Mar. 31, 2003 %	Annualized 1 Year Rtn. Mar. 31, 2003 %	Annualized 1 Year Rtn. Mar. 31, 2002 %	3 Months Mar. 31, 2003 %
<b>* Total Fund</b>	<b>1.3</b>	<b>(14.5)</b>	<b>4.1</b>	<b>(5.7)</b>
<b>* Canadian Bonds</b>	<b>6.3</b>	<b>9.1</b>	<b>5.8</b>	<b>(0.6)</b>
Scotia Capital Universe	6.0	9.2	5.1	(0.7)
<b>* Canadian Equities</b>	<b>6.2</b>	<b>(15.7)</b>	<b>5.5</b>	<b>(2.5)</b>
TSE 300	0.6	(17.6)	4.9	(3.5)
TSE 300 Capped	4.2	(17.6)	5.2	(3.5)
<b>US Equities: * Core Equity</b>	<b>-</b>	<b>(30.5)</b>	<b>5.0</b>	<b>(9.7)</b>
S&P 500 Index	-	(30.6)	1.3	(9.9)
<b>* Small Cap Value</b>	<b>-</b>	<b>(34.2)</b>	<b>17.7</b>	<b>(13.1)</b>
Russell 2000 Value	-	(29.3)	25.0	(11.7)
<b>* Small Cap Growth</b>	<b>-</b>	<b>(41.1)</b>	<b>5.6</b>	<b>(12.1)</b>
Russell 2000 Growth	-	(37.0)	6.0	(10.6)
<b>* Int'l Equities</b>	<b>-</b>	<b>(26.6)</b>	<b>(3.6)</b>	<b>(13.7)</b>
MSCI World excl. U.S.	-	(28.3)	(6.9)	(13.9)
91 Day Canada Treasury Bills	4.2	2.7	3.7	0.6
Consumer Price Index (Cdn.)	2.9	4.6	1.5	1.2

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

## Portfolio Value

	Book Value (\$000's)	Market Value (\$000's)
<b>Total Portfolio at March 31, 2003</b>	<b>\$183,990</b>	<b>\$157,664</b>
<b>Total Portfolio at March 31, 2002</b>	<b>\$173,238</b>	<b>\$178,708</b>

## Portfolio Decline

The decline in the market value of the portfolio from \$178.7 million to \$157.7 million over the last year is the result of depressed stock prices in both the domestic and foreign markets. The total investment return for the year ending March 31, 2003 is (14.5%) vs 4.1% for the previous year. Despite the loss, the available spending to beneficiary units was not hampered, because the UIT's spending policy is based on a 36 month average market value, which has preserved the spending allocations for the 2003 and 2004 fiscal years. However, if markets remain depressed in 2003, this will have a negative effect on the funds available for spending in fiscal 2005.

## Investment Performance and Outlook

The vast majority of gifts to the University of Manitoba enter the UIT and are invested in the diversified asset classes shown in the tables. The asset classes and target allocations are determined by the Trust Investment Committee and investment performance is monitored in light of these allocations and the guidelines provided to investment managers in the Investment Policy Statement. The Committee also meets with investment managers periodically to discuss performance and the market outlook. With the end of the war in Iraq, Commonfund has indicated that they expect a positive recovery in the U.S. equities markets over the next year. Similarly AMI Partners has also indicated that a positive recovery in the Canadian marketplace is expected. As a result the above decline in the market value of the UIT has been deemed to be temporary.

## Gifts to the University of Manitoba

Gifts received by the University of Manitoba by its generous donors fall under the following general categories:

- Unrestricted, includes gifts to "the institutions greatest needs", gifts to general endowment, and gifts over which the Board of Governors has discretion in expenditure.
- Faculty/School/ College Support, includes gifts made to academic and operating units over which these units have discretionary control of expenditure.
- Chairs/ Professorships, includes gifts to academic units made to provide salary support.
- Student Aid and Support, includes gifts to fund scholarships, bursaries, fellowships, loans, and student aid at the graduate and undergraduate levels.
- Libraries/Galleries/Museums, includes gifts for operating support or gifts to support library acquisitions.
- Equipment and physical development, includes gifts to support the purchase of equipment for operating units and gifts designated to the construction and/or major renovations of facilities. Gifts for these purposes may be held in Specific Trusts, if spending is expected to occur within a relatively short period of time.
- Research, includes gifts to support research.
- Athletics, includes gifts to support varsity, intramural and recreation sports.

In the fiscal year ended March 31, 2003, the UIT received \$12,256,585 in new gifts which are summarized below:

Description	Amount (\$000's)	%
<b>Faculties/Schools</b>	<b>\$ 4,066</b>	<b>33.2</b>
<b>Research</b>	<b>266</b>	<b>2.2</b>
<b>Chairs/Professorships</b>	<b>1,078</b>	<b>8.8</b>
<b>Scholarships, Bursaries</b>	<b>6,332</b>	<b>51.6</b>
<b>Libraries</b>	<b>387</b>	<b>3.2</b>
<b>Equipment</b>	<b>128</b>	<b>1.0</b>
<b>TOTAL</b>	<b>\$12,257</b>	<b>100</b>

If you have any questions or comments, please call Leanne Burkowski, Comptroller 474-9507 or Gord Pasioka, Associate Comptroller at 474-8713. This document and other information on the UIT can be found at: [www.umanitoba.ca/admin/financial\\_services/trust/Trust\\_Funds.html](http://www.umanitoba.ca/admin/financial_services/trust/Trust_Funds.html).