



UNIVERSITY  
OF MANITOBA

THE UNIVERSITY

# Investment Trust Quarterly Review

Quarter ended March 31, 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<br>Per Investment<br>Policy Statement |          | Actual<br>Market<br>Value | Actual<br>Market<br>Value |
|------------------------------------|---|----------|---------------------------|---------------------------|
|                                    | Min<br>%  | Max<br>% | %                         | \$000's                   |
| <b>Canadian Bonds</b>              | 27  | 35       | 27.1                      | \$75,264                  |
| <b>Equities</b>                    |   |          |                           |                           |
| <b>Canadian</b>                    | 27  | 35       | 34.5                      | \$95,610                  |
| <b>USA</b>                         | 18  | 23       | 18.8                      | \$51,978                  |
| <b>Other Foreign</b>               | 18  | 23       | 19.6                      | \$54,446                  |
| <b>Cash &amp; Short Term Notes</b> | -   | 5        | 0.0                       | \$0                       |
|                                    |   |          | <b>100.0</b>              | <b>\$277,298</b>          |

## Investment Performance

| Return Components                            | Annualized<br>3 Year Rtn.<br>Mar. 31, 2006<br>% | Annualized<br>1 Year Rtn.<br>Mar. 31, 2006<br>% | Annualized<br>1 Year Rtn.<br>Mar. 31, 2005<br>% | 3 Months<br>Mar. 31, 2006<br>% |
|--|---|---|---|--------------------------------|
| <b>* Total Fund</b>                          | <b>16.5</b>                                     | <b>16.4</b>                                     | <b>7.2</b>                                      | <b>4.8</b>                     |
| <b>* Canadian Bonds</b>                      | <b>6.9</b>                                      | <b>5.0</b>                                      | <b>5.2</b>                                      | <b>(0.4)</b>                   |
| Scotia Capital Universe                      | 6.9   | 4.9   | 5.0   | (0.4)                          |
| <b>* Canadian Equities</b>                   | <b>26.1</b>                                     | <b>26.6</b>                                     | <b>16.2</b>                                     | <b>6.2</b>                     |
| TSE 300                                      | 26.3  | 28.4  | 13.9  | 8.0                            |
| TSE 300 Capped                               | 26.3  | 28.4  | 13.9  | 8.0                            |
| <b>US Equities:</b>                          |   |   |   |                                |
| <b>* Core Equity</b>                         | <b>9.6</b>                                      | <b>8.6</b>                                      | <b>(1.0)</b>                                    | <b>4.4</b>                     |
| S&P 500 Index                                | 8.6   | 7.8   | (1.5)   | 4.3                            |
| <b>* Small Cap Fund</b>                      | <b>19.0</b>                                     | <b>19.7</b>                                     | <b>(5.0)</b>                                    | <b>11.8</b>                    |
| Russell 2000 Index                           | 20.0  | 21.4  | (2.7)   | 14.1                           |
| <b>* Int'l Equities</b>                      | <b>20.0</b>                                     | <b>21.3</b>                                     | <b>4.7</b>                                      | <b>9.0</b>                     |
| MSCI World excl. U.S.                        | 22.2  | 21.2  | 7.1   | 9.5                            |
| 91 Day Canada Treasury Bills                 | 2.7   | 2.8   | 2.2   | 0.8                            |
| Consumer Price Index (Cdn.)                  | 1.7   | 2.2   | 2.1   | 0.3                            |
| \$US in \$Cdn (+appreciation, -depreciation) | (7.4)   | (3.5)   | (7.7)   | 0.1                            |

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

## Portfolio Value

|  | Book Value<br>(\$000's) | Market Value<br>(\$000's) |
|--|-------------------------|---------------------------|
| <b>Total Portfolio at March 31, 2006</b> | <b>\$235,684</b>        | <b>\$277,298</b>          |
| <b>Total Portfolio at March 31, 2005</b> | <b>\$213,050</b>        | <b>\$229,205</b>          |

## Portfolio Growth

The increase in the market value of the portfolio from \$229 million to \$277 million over the last year is in large part, the result of the strong returns earned in the equities markets. The total investment return for the year ending March 31, 2006 is 16.4% versus 7.2% for the previous year. Also adding to the growth over the last year were new contributions to the portfolio by way of gifts of \$17.7 million received from donors and designated for the UIT, offset by actual spending of \$9.8 million.

## Gifts to the University of Manitoba

The vast majority of gifts to the University of Manitoba enter into the UIT and are invested in the diversified asset classes shown in the tables. Gifts received are spent in accordance with the donor's wishes and are designated as either trusts or endowments. For endowed gifts (i.e. where the capital is held in perpetuity), the amount that can be spent annually is set out in the Investment Policy Statement of the University. Current spending is calculated at a rate of 4.5% of the three year average market value of the UIT at December 31. Gifts received fall under the following general categories:

- 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 and loans, for graduate and undergraduate students.
- 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 for the construction and/or major renovation 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, 2006, the UIT received \$17,668,000 in new gifts from its generous donors which are summarized below:

| Description                               | Amount \$(000's) | %            |
|---|------------------|--------------|
| <b>Faculties and Schools</b>              | <b>10,044</b>    | <b>56.9</b>  |
| <b>Scholarships, Bursaries and Awards</b> | <b>4,595</b>     | <b>26.0</b>  |
| <b>Chairs and Professorships</b>          | <b>1,434</b>     | <b>8.1</b>   |
| <b>Research</b>                           | <b>1,185</b>     | <b>6.7</b>   |
| <b>Libraries</b>                          | <b>336</b>       | <b>1.9</b>   |
| <b>Equipment</b>                          | <b>70</b>        | <b>0.4</b>   |
| <b>Athletics</b>                          | <b>4</b>         | <b>0.0</b>   |
| <b>TOTAL</b>                              | <b>\$17,668</b>  | <b>100.0</b> |

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/](http://www.umanitoba.ca/admin/treasury_services/).