



UNIVERSITY
OF MANITOBA

THE UNIVERSITY

Investment Trust Quarterly Review

Quarter ended September 30, 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 when there are new entrants to the pool 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	29.1	\$51,878
Equities				
Canadian	27	35	32.7	\$58,299
USA	18	23	19.0	\$33,831
Other Foreign	18	23	19.2	\$34,140
Cash & Short Term Notes	-	5	-	\$0
			100.0	\$178,148

Investment Performance

Return Components	Annualized 4 Year Rtn. Sept. 30/03 %	Annualized 1 Year Rtn. Sept. 30/03 %	Annualized 1 Year Rtn. Sept. 30/02 %	6 Months Sept. 30/03 %
* Total Fund	3.9	12.4	(4.9)	13.1
* Canadian Bonds	8.2	8.2	8.9	6.4
Scotia Capital Universe	7.9	8.1	8.5	6.5
* Canadian Equities	8.6	25.3	(9.2)	17.4
S&P TSX Composite	3.3	22.5	(8.1)	18.0
S&P TSX Capped Comp.	6.9	22.5	(8.1)	18.0
US Equities:				
*Core Equity	-	5.3	(15.8)	11.0
S&P 500 Index	-	5.9	(20.1)	8.9
*Small Cap Fund	-	16.1	(15.8)	24.8
Russell 2000	-	16.2	(9.9)	23.7
*Int'l Equities	-	6.7	(10.3)	16.0
MSCI World excl. U.S.	-	8.6	(14.7)	18.8
91 Day Canada Treasury Bills	4.0	3.0	2.7	1.6
Consumer Price Index (Cdn.)	2.5	2.0	2.6	0.2

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

Portfolio Value

	Book Value (\$000's)	Market Value (\$000's)
Total Portfolio at September 30, 2003	\$187,460	\$178,148
Total Portfolio at June 30, 2003	\$186,317	\$170,978

Portfolio Growth

The increase in the market value of the portfolio from \$171.0 million to \$178.1 million in the last quarter is the result of a continuing rally in the Canadian, U.S. and International equity markets, which is displayed in the Investment Performance Table.

Comments on the Investment Marketplace

Healthy returns in the Canadian and U.S. equity markets continued in the past quarter. The Canadian equity market extended its rally in the past quarter with the S&P/TSX Composite Index up 6.7%, on top of its 10.6% gain in the previous quarter. The U.S. equity markets also posted favourable returns as the S&P 500 and NASDAQ performed well over the past 6 months. However, these returns were offset considerably by a strong Canadian dollar affecting both the U.S. and international equity investment holdings. As of September 30, 2003, the Canadian dollar has appreciated against the U.S. dollar by 8.1% in the past 6 months, and 14.5% in the past 9 months.

Changes to Small Cap Investments

In early summer 2003, Commonfund announced that it would be combining the Small Cap Value and Small Cap Growth Funds into one Fund, the Small Cap Fund. This was due to increasing similarities between the two styles of investing as many U.S. companies with small market capitalization had begun to exhibit both value and growth characteristics. Accordingly, it became more difficult to distinguish between the two styles as many small companies were found on both the Russell 2000 Value and the Russell 2000 Growth indexes. At the end of July, 2003 the University redeemed its units in the Value & Growth Funds and purchased units in the newly created Small Cap Fund. Commonfund decided that it would be more effective to offer a multi-manager investment program that would take advantage of the small cap market, irrespective of investment management style. The Investment Performance Table reflects the combination of the two Funds.

Questions or Comments?

If you have any questions or comments, please call **Leanne Burkowski**, Comptroller at **474-9507** or **Lance McKinley**, Manager, Treasury Services at **474-9440**. This document and other information on the UIT can be found at: www.umanitoba.ca/admin/financial_services/trust/Trust_Funds.html.