

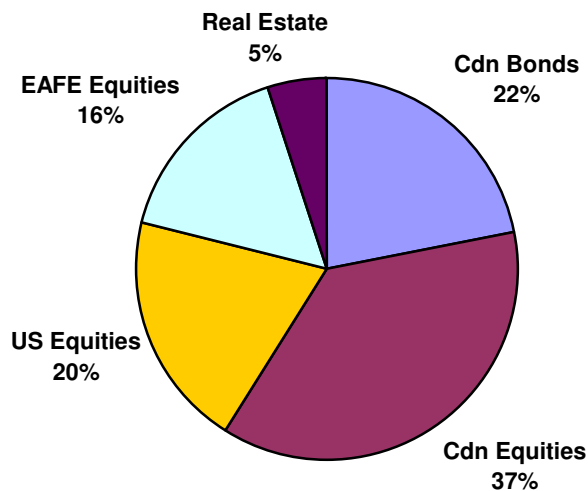


**The University Investment Trust (Endowment)
Quarterly Review for the period ending September 30, 2007**

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 \$317 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 \$38 million.

Asset Mix, Investment Managers and Investment Performance

The **asset mix** of the UIT, as of September 30, 2007 is as follows:



Investment Managers

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

Total market value of UIT - \$316.9 million

| Real Return Investment Performance - Overall UIT | | | | |
|---|-----------------|---------------|---------------|---------------|
| As at September 30, 2007 | | | | |
| | 3 months | 1 year | 3 year | 5 year |
| Annualized Return | -1.2% | 10.6% | 11.0% | 11.4% |
| CPI | -0.4% | 1.8% | 2.2% | 2.1% |
| Real Return | -1.6% | 8.8% | 8.8% | 9.3% |

| Investment Performance – Individual Asset Mandates | | | | |
|---|-----------------|---------------|---------------|---------------|
| As at September 30, 2007 | | | | |
| Annualized Returns for the Individual Asset Mandates | | | | |
| | 3 months | 1 year | 3 year | 5 year |
| Canadian Bonds | 1.9% | 1.7% | 4.9% | 5.5% |
| Canadian Equities | 1.1% | 21.9% | 19.0% | 20.4% |
| U.S. Equities | -6.0% | 4.0% | 4.1% | 5.6% |
| EAFE Equities | -5.7% | 9.8% | 12.5% | 11.2% |
| Real Estate | 4.8% | n/a | n/a | n/a |

Investment Performance Recap - In August 2007, many of the world markets, most notably the U.S., fell dramatically due to the credit concerns related to the deterioration in the U.S. subprime mortgage-backed securities market. In addition to a world liquidity crisis, these credit concerns resulted in significant declines in the various stock markets – in Canada, for example, the S&P/TSX fell 15% over July and August. A subsequent cut in the Fed Funds rate helped the markets recover, however returns for the quarter were poor. In addition to this, the appreciation of the Canadian dollar against the U.S. dollar resulted in negative returns for U.S. based equity investments. The U.S. dollar depreciated 6.3% against the Canadian dollar in the quarter. All in all, it was a rocky three-month period for the world equity markets. Most analysts expect slower economic growth in Canada and U.S. for the remainder of 2007, with a rally towards stronger growth in 2008. The UIT's rate of return was -1.2% for the quarter, however the 1, 3, and 5-year returns continue to meet the endowment's long term objectives. In addition, the 10-year real rate of return to September 30, 2007 was 5.1%.

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