UNIVERSITY OF MANITOBA

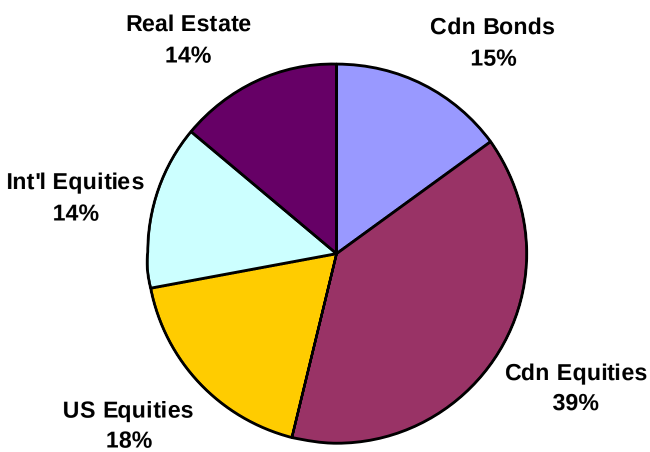
# The University Investment Trust (Endowment)

## Quarterly Review for the period ending September 30, 2010

**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 $311 million. On top of that, there are trust and endowment funds outside of the UIT that also support various activities. Due to liquidity requirements, these funds are invested in cash equivalent and fixed income instruments. The value of these funds is currently $41 million.

## Asset Mix, Investment Managers and Investment Performance

The **asset mix** of the UIT, as of September 30, 2010:




**Total market value of UIT - $311 million**

**Investment Managers**

AMI Partners
- Canadian Bonds

Burgundy Asset Mgmt
- Canadian Equities

Legg Mason GC
- International Equities

JP Morgan
- US Equities

GWL Investment Mgmt
- Real Estate

### Annualized Real Return Investment Performance - Overall UIT

As at September 30, 2010

| | 3 months | 1 year | 2 year | 4 year |
|---|---|---|---|---|
| Return | 7.3% | 8.3% | 3.0% | 1.0% |
| CPI | 0.6% | 1.9% | 0.5% | 1.7% |
| Real Return | 6.7% | 6.4% | 2.5% | -0.7% |

## Investment Performance – Individual Asset Mandates
As at September 30, 2010

Annualized Returns for the Individual Asset Mandates

| | **3 months** | **1 year** | **2 year** | **4 year** |
|---|---|---|---|---|
| Canadian Bonds | 3.1% | 6.1% | 8.0% | 5.5% |
| Canadian Equities | 10.1% | 17.3% | n/a | n/a |
| U.S. Equities | 7.7% | n/a | n/a | n/a |
| International Equities | 10.6% | -1.5% | -0.7% | n/a |
| Real Estate | 1.7% | 2.4% | -1.9% | n/a |

**Commentary –** the global equity markets performed well over the past quarter, even though economic growth was slow. Low interest rates on bonds made dividend yields more attractive, thus accounting for more activity in the stock markets, and a rally in share prices. Most economic analysts remain very cautious about the markets; growth will remain slow, consumer debt continues to be a concern, unemployment remains high, and corporate earnings are hardly robust.

The endowment fund has performed admirably over the past year. The weighted average return of all of the comparative individual benchmark indices was 7.0% over the past year, and the fund did well to exceed that with an 8.3% annual return to September 2010. The biggest single reason was the strong performance in Canadian equities. The fund's new manager, Burgundy Asset Management, significantly outperformed the S&P/TSX index over the past 12 months (17.3% vs. 11.6%). The fund's other equity mandates, as well as the bond mandate, were close to or above their benchmark indices as well.

If you have any questions or comments, please call Lance McKinley, Manager of Treasury Services, at 474-9440.