



University of Toronto

BUSINESS AFFAIRS

TO: Business Board

SPONSOR: Catherine J Riggall, Vice President, Business Affairs
CONTACT INFO: 416-978-7473 catherine.riggall@utoronto.ca

DATE: March 20, 2006 for March 27, 2006

AGENDA ITEM: 4(a)

ITEM IDENTIFICATION:

University of Toronto Asset Management Corporation, Annual Report, 2005

JURISDICTIONAL INFORMATION:

Under Clause 5.1 (c) of the Terms of Reference of the Business Board, the Board reviews “annual reports, or more frequent reports as the Board may from time to time determine, on the investment of the University and pension funds.”

PREVIOUS ACTION TAKEN:

The report and financial statements were reviewed and approved by the Board of University of Toronto Asset Management Corporation (UTAM) at their meeting of March 8, 2006.

HIGHLIGHTS:

Investment performance

The mandate of UTAM is to manage the investment portfolio of the University of Toronto in order to achieve the target returns within the defined level of risk, both of which are defined by the University.

The board of UTAM is responsible for reviewing the strategy designed to achieve the risk / return goals and providing their expert advice and input. The investment performance of UTAM is the responsibility of the Board of UTAM who reviewed it in detail at their meeting of March 8, 2006.

UTAM continued to perform well against the target return in 2005. All three funds, LTCAP, EFIP, and Pension registered returns better than the target (inflation plus 4% for the pension fund and LTCAP and 50 basis points above the one year treasury bill rate for EFIP). Over the past 3 years (2003-2005), UTAM has generated cumulative value added of approximately \$615 million above the return target for Pension and LTCAP combined. This represents 14.2% of the total value of these portfolios at December 31, 2005.

On a value added versus benchmarks comparison, (which compares how UTAM did in comparison with the industry), two of the funds did not out perform their benchmarks. However, the overall performance of the Pension Fund and LTCAP were both well above that of the median Canadian Peer fund for 2005.

Assets under management increased from \$4.2 to \$4.8 billion over the period 2004 to 2005. All three pools of assets (EFIP, LTCAP and Pension) increased in value over the period.

The financial statements

The financial statements of UTAM reflect its status as a corporation without share capital and a non-profit organization wholly owned by the University of Toronto.

The largest balance sheet asset is an amount due from the University of Toronto to reimburse UTAM for expenses.

UTAM's total expense has decreased by over \$1 million year over year mainly as a result of a reduction in senior staffing from reorganization.

FINANCIAL AND/OR PLANNING IMPLICATIONS:

The financial strength of the University is increasing as a result of the performance of UTAM.

RECOMMENDATION:

It is recommended:

THAT the financial statements and financial report of the University of Toronto Asset Management Corporation for 2005 be accepted.