

# Mid-Year Investment Review

Business Board Meeting  
Monday, September 26, 2011



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President & CEO, UTAM

# Asset Class Performance

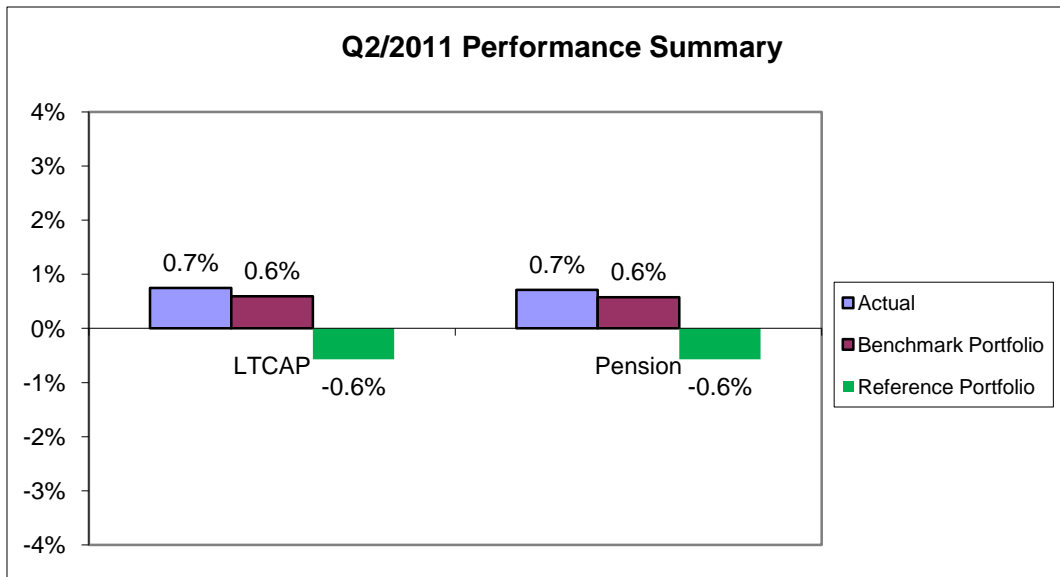
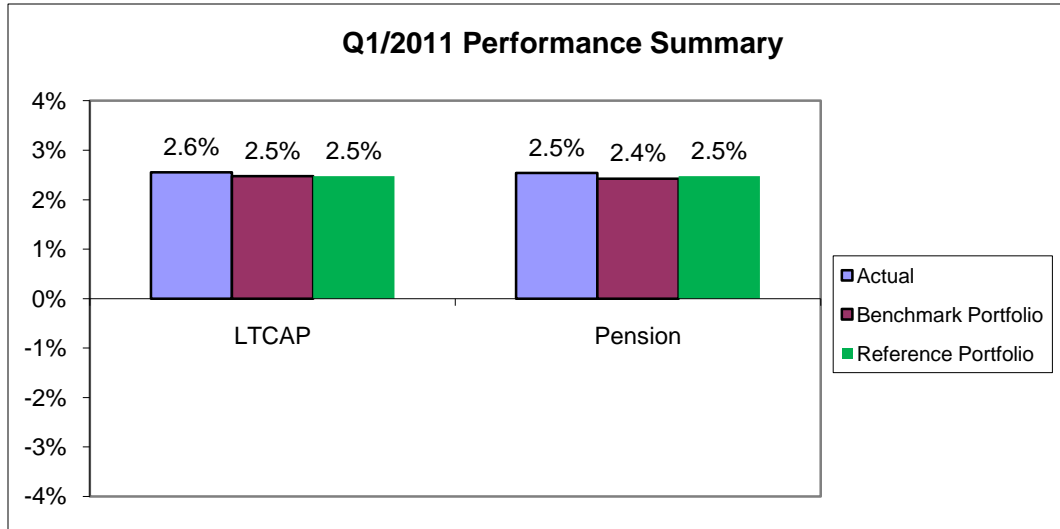
(Local Currency Basis)

	2010	Q1/2011	Q2/2011
<b>CDN EQUITIES</b>	17.6	5.6	-5.1
(TSX Composite)			
<b>US EQUITIES</b>	16.9	6.4	0.0
(R3000)			
<b>INT'L EQUITIES</b>	4.8	1.0	-0.8
(MSCI EAFE)			
<b>EM EQUITIES</b>	14.1	0.7	-2.7
(MSCI EM)			
<b>DEX UNIVERSE</b>	6.7	-0.3	2.5
(Dex Universe)			
<b>TBILLS</b>	0.5	0.3	0.2
(Dex 91-day Tbills)			
<b>HEDGE FUNDS*</b>	7.4	1.7	0.5
(LTCAP)			
<b>PRIVATE INVESTMENTS*</b>	20.2	5.0	7.1
(LTCAP)			
<b>REAL ASSETS*</b>	13.1	2.7	3.1
(LTCAP)			
<b>CURRENCIES (in C\$)</b>			
US DOLLAR	-5.2	-2.1	-0.8
EURO	-11.4	3.6	1.4
YEN	8.8	-4.2	1.8
POUND	-8.1	0.2	-0.6

\*Actual LTCAP Portfolio Returns.



# Quarterly Performance Summary



# Summary of Performance and Comparison to Benchmarks

	Q2/2011	Q1/2011	YTD 2011	1 Yr	2003 - 2010
<b>Endowment (LTCAP)</b>					
Actual Return <sup>(1)</sup>	0.7%	2.6%	3.3%	12.9%	3.3%
Reference Portfolio Return	-0.6%	2.5%	1.9%	14.3%	6.1%
University Target Return <sup>(2)</sup>	n.a.	n.a.	n.a.	7.2%	5.8%
<b>Value Added:</b>					
<b>Actual vs Reference</b>	<b>1.32%</b>	<b>0.08%</b>	<b>1.43%</b>	<b>-1.39%</b>	<b>-2.85%</b>
<b>Pension</b>					
Actual Return <sup>(1)</sup>	0.7%	2.5%	3.3%	12.7%	2.9%
Reference Portfolio Return	-0.6%	2.5%	1.9%	14.3%	6.1%
University Target Return <sup>(2)</sup>	n.a.	n.a.	n.a.	7.2%	5.8%
<b>Value Added:</b>					
<b>Actual vs Reference</b>	<b>1.28%</b>	<b>0.07%</b>	<b>1.38%</b>	<b>-1.65%</b>	<b>-3.17%</b>
<b>EFIP</b>					
Actual Return	0.7%	0.3%	1.0%	2.0%	3.3%
University Target Return <sup>(3)</sup>	0.7%	0.6%	1.3%	2.0%	3.8%
<b>Value added: Actual vs Target</b>	<b>0.02%</b>	<b>-0.33%</b>	<b>-0.31%</b>	<b>0.00%</b>	<b>-0.44%</b>



# Portfolio Asset Allocation -- LTCAP

(Percentages)

	Current			
	Reference	Policy	Actual	
	Portfolio	Target	12/2010	6/2011
<b>Public Markets:</b>				
Cdn. Equity	30.0	12.5	14.6	14.4
U.S. Equity	15.0	12.5	14.6	14.1
Int'l Equity	15.0	15.0	17.4	17.5
Fixed Income	40.0	17.5	20.4	20.7
<b>Alternative Assets:</b>				
Hedge Funds	-	17.5	14.6	13.8
Private Investments	-	10.0	13.0	12.7
Real Assets	-	15.0	5.6	6.0



# Factors Influencing LTCAP Portfolio Performance

(Calendar 2011 YTD)

		%
<b>Reference Portfolio Return (in C\$)</b>		<b>1.89</b>
<b>Impact of LTCAP Portfolio Differences:</b>		
-O/W Private Investments & Real assets	1.84	
-U/W Fixed Income	(0.56)	
-Manager Selection	0.33	
-Other	<u>0.18</u>	<b>1.79</b>
<b>Incremental Unhedged FX Exposure (50%)</b>		<b>(0.16)</b>
Unexplained		(0.20)
<b>Actual LTCAP Performance (in C\$)</b>		<b>3.32</b>



# Factors Influencing Pension Portfolio Performance

(Calendar 2011 YTD)

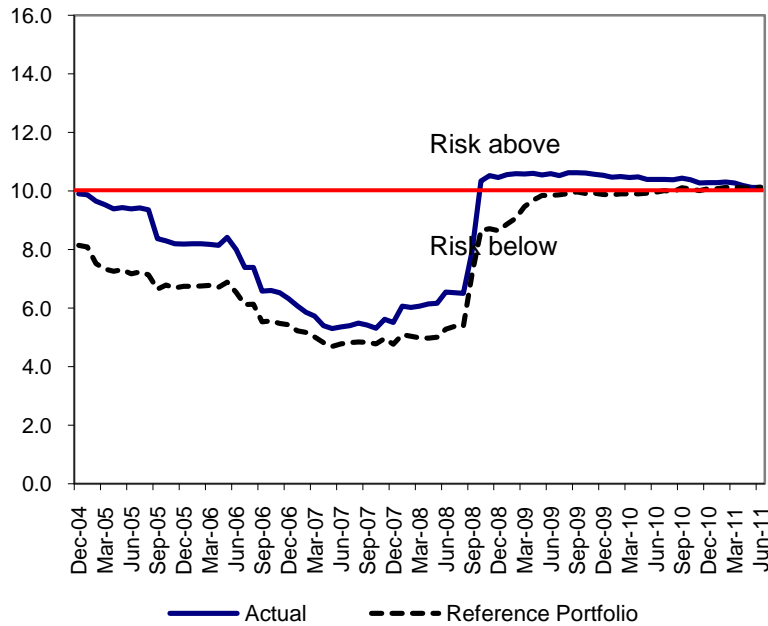
		%
<b>Reference Portfolio Return (in C\$)</b>		<b>1.89</b>
<b>Impact of PMT Portfolio Differences:</b>		
-O/W Private Investments & Real assets	1.91	
-U/W Fixed Income	(0.56)	
-Manager Selection	0.37	
-Other	<u>0.10</u>	<b>1.82</b>
<b>Incremental Unhedged FX Exposure (50%)</b>		<b>(0.24)</b>
Unexplained		(0.19)
<b>Actual PMT Performance (in C\$)</b>		<b>3.28</b>



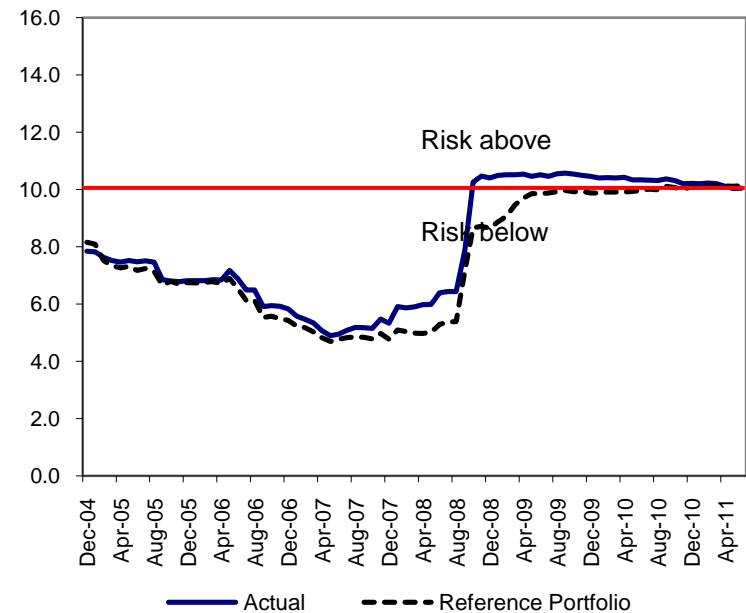
# Volatility versus University Target

(Rolling 48-month standard deviation of returns)

## Endowment



## Pension





# Current Investment Environment

- Many impediments to a return to ‘business as usual’.
- Recovery in developed world will remain below average.
- Inflation likely to remain moderate but medium term risks to the upside.
- Higher interest rate risk is less of an issue in the short term but needs to be watched.
- Credit still appears attractive but need for a selective approach.
- Equities not expensive compared to 2000 and 2007 but not cheap in a long term context, except in comparison to interest rates. Suggests a continuation of range bound markets.
- Suggests a challenging environment for portfolios comprised solely of traditional assets and strategies.



# Questions?

